

# Doing business in Ireland

If you are planning on doing business in Ireland, knowledge of the investment environment and information on the legal, accounting and taxation framework are essential to keep you on the right track.

April 2009



# Foreword

Ireland's low rate of corporation tax i.e. **12.5%**, holding company regime, research and development tax credit combined with many other tax incentives, makes it a very popular choice for inward investment. These factors, together with a highly skilled and motivated workforce, have resulted in almost 1,000 overseas companies choosing to invest in Ireland as their European base. Companies involved in a wide range of activities in sectors as diverse as engineering, information communications technologies, pharmaceutical and research and development view Ireland as a uniquely attractive location in which to do business.

To aid companies coming to Ireland, Grant Thornton has prepared this guide "Doing Business in Ireland". It is intended to be user friendly whilst providing guidance on the business and regulatory environment.

This guide has been prepared for the assistance of those interested in doing business in Ireland and includes legislation in force at **7 April 2009**. It does not cover the subject exhaustively but is intended to answer some of the important, broad questions that may arise. When specific problems occur in practise, it will often be necessary to refer to the laws and regulations of Ireland and to obtain appropriate accounting and legal advice.

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# Grant Thornton

## **Grant Thornton in Ireland**

Grant Thornton Ireland can trace its history back to 1899. In addition to audit and tax, we provide tax planning, corporate finance, corporate recovery and insolvency, forensic and investigation services, business risk services, computer assurance, IT consultancy, corporate secretarial services, family business consulting and personal tax and financial planning consulting. Our clients include privately held businesses (PHB), public interest entities (PIE) and financial services. Grant Thornton Ireland is a member firm of Grant Thornton International.

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# Tax

## Summary

Ireland provides a very favourable tax environment to encourage business development and sustain rewarding investment. Tax reliefs form an important part of the total incentive package available to overseas companies establishing a business in Ireland. These reliefs establish Ireland as a favourable location for multinational corporations to base regional headquarters and holding companies. As multinationals tend to consolidate their financing, regional head office and R&D activities in one location, Ireland is well equipped to cater for all these requirements. The incentives for the establishment of multinational organisations in Ireland are:

- holding company regime;
- Research and Development (R&D) credit;
- patent royalty exemption;
- capital allowances for expenditure on intangible assets;
- tax credit for foreign dividends;
- EU parent subsidiary directive;
- credit for tax on foreign branch profits;
- Capital Gains Tax (CGT) exemption on share disposal;
- intellectual Property Stamp Duty Exemption; and
- no thin capitalisation/transfer pricing/CFC rules.
- new scheme of tax allowances for Intellectual Property acquired

These provisions, coupled with Ireland's low corporation tax rate of **12.5%** on trading activities and absence of transfer pricing and controlled foreign company rules, place Ireland in a very competitive position for attracting international companies to establish their global or European headquarters in Ireland.

## Companies

### Liability to tax

A company that is tax resident in Ireland is liable to Irish corporation tax on its total profits wherever arising. Companies not tax resident in Ireland are only liable to corporation tax on profits generated by an Irish branch or agency.

A company is tax resident in Ireland if it is an Irish incorporated company or if it is managed and controlled in Ireland (there are certain exceptions to the rule on Irish incorporated companies).

## Tax rates

The standard rate of corporation tax in Ireland is 12.5% on trading income. There is a rate of 25% on non-trading income and certain trades. These rates have been agreed by the EU.

## Start-up companies

New or start-up companies, which were incorporated on or after 14 October 2008 and which commence trading in 2009, are exempt from corporation tax if they meet certain conditions. This relief applies for three years from the commencement of the trade.

Corporation tax liability for the period	Availability of relief
Less than €40,000	Fully Exempt
€40,000 - €60,000	Marginal relief
More than €60,000	No relief

Relief does not apply to companies which carry on land dealing, petroleum and mineral activities nor closely held service companies. Relief is restricted to new trades and it does not apply if the trade was previously carried on by another person in the State.

## Expenditure on scientific research and development

Incremental R&D expenditure over that incurred in a fixed base year (2003) will qualify for a 25% tax credit. This credit will be in addition to any existing deductions or capital allowances for R&D expenditure. The following conditions must be fulfilled in order to qualify for this credit:

- R&D activities must be carried out in the European economic area;
- relief is granted provided the expenditure is not deductible in any other territory;
- qualifying expenditure will be reduced by any grant or State Aid received;
- payments to a connected party in respect of tax-exempt patent royalty income will not qualify for the relief; and
- payments made other than at arm's length will not qualify for relief.

R&D is extensively defined to include systematic, investigative or experimental activities in the field of science or technology being one or more of the following:

- basic research;
- applied research; or
- experimental development.

Such activities, however, will not be regarded as Research and Development activities unless they:

- seek to achieve scientific or technological advancement; and
- involve the resolution of scientific or technological uncertainty.

## Patent royalty exemption

Income derived from royalties associated with certain qualifying patents is exempt from tax. A qualifying patent is defined as “a patent in relation to which the research, planning, processing, experimenting, testing, devising, designing, developing or similar activity leading to the invention which is the subject of patent **was carried out in a State in the European Economic Area.**”

However, in relation to any patents for which the work leading to the invention was carried out prior to 1 January 2008, the work must have been carried out in the State.

The patent income which is entitled to the exemption is subject to an annual limit of €5 million. This limit only applies in respect of income arising from 2008 onwards. Income prior to that period is not subject to any limit.

### **Expenditure on intangible assets**

A new scheme of capital allowances for intangible assets has been introduced which will apply to expenditure incurred by a company after 7 May 2009.

In order for capital allowances to be available on expenditure incurred on the acquisition of intangible assets the assets must be:

- recognised as intangible assets under generally accepted accounting standards; and
- included in the definition of ‘intangible asset’ in a new s291A of the Taxes Consolidation Act 1997 e.g. patents, trade marks, brand names, copyrights, licences etc.

The expenditure can be incurred by a connected party, but payment must represent the amount which would have been payable for the asset in a transaction between independent persons acting at arm’s length.

Allowances will be available over a write-down period of 15 years or in accordance with the standard accounting treatment of the intangible asset concerned. A claw back of allowances will occur where the intangible asset is sold within 15 years of the beginning of the accounting period in which the asset was first provided.

### **Foreign dividends**

Double taxation relief is available on dividends paid by subsidiaries to parent companies. The relief makes it more attractive for headquarter operations to be located in Ireland by reducing the shareholding requirement under double tax treaty provisions or under unilateral credit relief provision (where no treaty applies) from 25% to 5%, and by also allowing the Irish recipient company to “pool” the tax credits arising on foreign dividends. In addition, credit can be taken for local tax suffered by a branch of a foreign subsidiary.

This onshore pooling allows companies to mix the credit for foreign tax on different dividend streams for shareholdings of 5% or more for the purposes of calculating the overall credit. Any unused credit balance can be carried forward and offset in subsequent accounting periods.

The 2003 EU Parent-Subsidiary Directive extended the list of entities that can avail of the directive’s exemption from withholding tax on distributions made by an Irish subsidiary company to its EU parent company. Its provisions include the following:

- the requisite holding of share capital in the subsidiary is reduced from 25% to 5%;
- credit can be taken for underlying tax in lower tier subsidiaries;
- Irish branches of EU resident companies are entitled to the same reliefs as Irish resident companies;
- the parent/subsidiary directive covers unlimited companies; and

- credit will be available in Ireland for foreign tax suffered by companies that are “transparent” for Irish tax purposes.

### **Effect of treaties**

The Irish tax treaty network continues to be expanded and updated and now numbers 45 tax treaties. See our website for a full listing. New treaties with Georgia, Macedonia, Moldova and Vietnam, and a Protocol to the existing treaty with South Africa, have been agreed. A treaty was also signed with Turkey which will come into effect in 2010.

Negotiations are underway on treaties with Argentina, Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Egypt, Kuwait, Montenegro, Morocco, Saudi Arabia, Serbia, Singapore, Thailand, Tunisia, and the Ukraine. In addition, some existing treaties, such as those with Cyprus, France, Germany, Italy, Korea and Pakistan are being re-negotiated.

Where a double taxation agreement does not exist, there are provisions within the Irish Taxes Acts which allow unilateral credit relief against Irish tax for tax paid in the other country in respect of certain types of income (e.g. dividends and interest). There is also legislation implementing the EC "Parent-Subsidiaries Directive" (90/435/EEC) (TCA 1997 section 831), the "EU Mergers Directive" (90/434/EEC) (TCA 1997 sections 630-638) and the EU Arbitration Convention (European Communities Mutual Assistance in the Field of Direct Taxation Regulations 1978) (S.I. 334 of 1978).

### **Foreign branch profits**

The 2007 Finance Act introduced unilateral credit relief for foreign tax paid by a company that has a branch or agency in a country with which Ireland does not have a tax treaty. This allows such a company to reduce its Irish corporation tax liability by the foreign tax suffered on the profits of the branch or agency.

The Act also introduced pooling in the case of foreign branch profits. Where the foreign tax on branch profits in one country exceeds the Irish tax on those profits, the credit is limited to the Irish tax on those profits and no credit can be given for the balance of the foreign tax. However, pooling allows such surplus foreign tax to be credited against tax on branch profits in other countries in the year concerned. Any foreign tax not credited in the period in which it is paid cannot be carried forward for credit in subsequent periods.

### **Other foreign income**

Foreign taxes borne by an Irish resident company (or EU branch), whether imposed directly or by way of withholding, may be creditable in Ireland. The calculation of the credit depends on the nature of the income item but, in all cases, the credit is limited to the Irish tax referable to the particular item of income. The credit is computed on an item-by-item basis (except for dividends from 5% subsidiaries) and excess credits can be relieved only by deduction; there is no carry-back or carry-forward of excess credits.

### **Capital Gains Tax exemption on share disposal**

There is an exemption from tax on capital gains arising to Irish-based holding companies on disposals of shareholdings in EU/double tax treaty resident (DTA) companies. The exemption will apply where the following conditions are satisfied:

- the parent company must hold a minimum of 5% of the subsidiary's ordinary share capital;

- the investee company must be resident in an EU State (including Ireland) or DTA State; and
- at the time of disposal, the investee must exist wholly or mainly for the purposes of carrying on a trade (or parent and investee taken together must satisfy trading test).

### Individuals

Income tax is payable by individuals (and certain non-resident companies on Irish source income) and is charged on an annual basis. The income tax year runs from 1 January to 31 December.

### Tax rates – 2009

Single/widowed person	First €36,400 20%	Balance 41%
Married couple – one spouse with income	First €45,400 20%	Balance 41%
Married couple – both spouses with income	First €72,800 20%	Balance 41%

A new income levy applies with effect from 1 May 2009. Employers are responsible for deducting the levy from their employee's salaries. Self employed individuals must make a payment of the income levy along with their preliminary tax payment in 2009 and any balance will be collected when their final assessment issues. The following income levy rates will apply:

### Applicable to payments made from 1/5/09

Less than €15,028	Exempt
Up to €75,036	2%
Between €75,037 and €174,979	4%
Over €174,980	6%

### Applicable to payments made from 1/1/09 to 30/4/09

Less than €18,304	Exempt
Up to €100,100	1%
Between €100,101 and €250,119	2%
Over €250,120	3%

### Taxable income

Taxable income is the total of income from all sources. Income tax is reduced by tax credits for personal circumstances.

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#### a Residence criteria

An individual is resident in Ireland for tax purposes where he is in Ireland for a total of 183 days in any tax year, or where the total number of days in that tax year (ignoring 30 days or less) and the previous tax year exceed 280 (known as the look-back rule). An individual shall be deemed to be present in Ireland for a day if the individual is present in Ireland **at any time during that day**. (Previously up to 31 December 2008, it was necessary for the individual to be present in Ireland **at the end of the day** (i.e. midnight) in order for that day to count for tax residence purposes.)

If an individual does not satisfy these tests, he may still opt, in certain limited circumstances, to be treated as Irish tax resident. Exercising this option would be of benefit to the individual in a limited number of cases, such as where advantage could be taken of a Taxation Treaty.

Where an individual satisfies these tests, but is not domiciled or ordinarily resident in Ireland, he may obtain relief in that his foreign income and gains will only be subject to Irish tax if they are remitted to Ireland.

#### b Taxation of domiciliaries

Non-domiciled foreign executives working for overseas companies in Ireland will continue to be taxed under the PAYE regulations as introduced in Finance Act 2008. This will ensure that Irish income tax will be assessed on all earnings relating to employment duties in Ireland, irrespective of the residence or domicile position of the employee.

In these situations it will be necessary to distinguish between that part of an individual's income attributable to the performance of duties of employment in the State and that part of income attributable to the performance of duties of employment outside the State.

The remittance basis (income and gains will be subject to tax to the extent that the proceeds are remitted to Ireland from abroad) will continue to apply in the following cases:

- non-Irish/non-UK investment income;
- the element of employment income relating to duties performed outside of Ireland/UK in the case of foreign employment; and
- in respect of Capital Gains Tax for non-Irish nationals.

## **Value Added Tax/sales taxes**

### **Scope**

Value Added Tax (VAT) is based on the European System. VAT is chargeable on most supplies of goods and services within Ireland by a taxable person in the course or furtherance of any business carried on by him, and on goods imported into Ireland from outside the EU.

Taxable persons account for VAT on their outputs and they are allowed credit against this liability for tax borne on business purchases and other inputs as evidenced by correctly prepared VAT invoices; therefore, it is a tax ultimately borne by the final consumer.

VAT is also chargeable on the intra-EU acquisition of goods by VAT registered persons and on the intra-community acquisition of new means of transport such as motor vehicles, boats etc. by either a registered or unregistered person. The amount on which VAT is chargeable is the total consideration which the person supplying goods or services becomes entitled to receive.

Exports are zero-rated for VAT purposes except those to unregistered persons in the EU. Companies that export 75% or more of their output can apply to the Revenue Commissioners for authorisation to purchase goods and services without any VAT charge. This reduces administration and the need to get a refund of VAT.

Taxable persons must be registered with the Revenue Commissioners for VAT purposes. This is required where the annual value of the goods supplied exceeds €70,000, the annual value of services exceeds €35,000 or the annual value of Intra – EU acquisitions exceeds €41,000.

### **Rates**

VAT rates range from 0 to 21.5% depending on the product or service, with most being charged at 21.5%. Certain activities involving immovable goods (land and buildings together with all fixtures attached) are liable to VAT at 13.5%.

### **Other taxes**

There are other taxes which have to be considered, aside from those mentioned above. These taxes include Stamp Duty, Capital Gains Tax and Gift and Inheritance Taxes. These taxes are very wide in scope and detail, but are outlined below briefly.

### **Stamp duty**

Stamp duty is payable on the transfer of land and buildings and the lease of property as well as on certain legal instruments. Rates vary between 1% and 9%.

Transfers between companies with a 90% relationship are exempt from stamp duty subject to certain conditions. There is also an additional exemption for sale, transfer or other disposition of intellectual property.

### **Capital Gains Tax**

Capital Gains Tax is payable on chargeable gains made by individuals, trusts and unincorporated bodies. Capital gains made by companies are chargeable to Corporation tax with the exception of the disposal of development land, which is subject to Capital Gains Tax.

Capital gains are determined by the difference between the proceeds of disposal and the original cost of the asset. A disposal takes place whenever the beneficial ownership of an asset transfers. Assets include all forms of property, whether in the State or not.

An Irish domiciled individual who is resident or ordinarily resident in the State, for a year of assessment, is chargeable to Capital Gains Tax on chargeable gains made on the disposal of all assets wherever situated.

An individual who is neither resident nor ordinarily resident in the State for a year of assessment is chargeable to Capital Gains Tax on chargeable gains made on the disposal of the following:

- land or buildings in the State;
- minerals in the State;
- exploration or exploitation rights in the continental shelf;
- unquoted shares deriving the greater part of their value from such assets mentioned above; and
- assets of a business carried on in the State.

A resident individual, who is not domiciled in the State, is liable to Capital Gains Tax on the disposal of assets situated outside Ireland, only to the extent that the chargeable gains are remitted to the State. There will be a remittance basis of taxation that will apply to gains arising to all non-

Irish domiciled persons in respect of non-Irish situated assets. This applies to disposals made on or after 20 November 2008.

The rate of Capital Gains Tax is 25%, with the exception of foreign life assurance policies and off-shore funds, where the rate is 40%.

**Estate tax/inheritance tax**

Capital acquisitions tax at 25% is applied to gifts and inheritances. There is a territorial limit to the extent to which gifts and inheritances are taxable for non-residents. As it is a tax on acquisitions, the donee is responsible for the payment of the tax. There are a number of exemptions and reliefs.

## Business entities

In considering business entities in Ireland, a distinction needs to be made between unincorporated and incorporated bodies. A significant feature of an incorporated body is that it has a legal status separate from its owners and is capable of suing and being sued in its own name. An unincorporated body may be a sole proprietorship or a partnership. Incorporated bodies include private limited companies, public limited companies and unlimited companies.

Private limited companies are the most common form of business entity used in Ireland. The essential features of a private limited company are that the liability of members is limited to the amount of share capital (common stock) subscribed and that certain obligations imposed on public limited companies do not apply to private limited companies.

To qualify as a private limited company the company must:

- limit the maximum number of members to 99 with a minimum of one;
- restrict the members' right to transfer shares; and
- prohibit any invitation to the public to subscribe for shares or debentures of the company.

A private limited company is required to show the word "Limited" (which may be abbreviated to "Ltd") in its name. Stamp duty is payable at a rate of 1% of the market value on the transfer of shares in all companies.

The constitution of a private limited company is made up of the Memorandum of Association and the Articles of Association which set out the objects and rules of the company.

### **Corporations Formation**

The following is a brief summary of the main requirements when incorporating a company:

- a company must have the intention of carrying on an activity in Ireland. This includes any activity that a company may lawfully be formed to carry on and includes the holding, acquisition or disposal of property of any kind;
- details of the place or places in Ireland where it is proposed that the company will carry on its activity and the place where the central administration of the company will normally be carried on (full business postal address) must be provided;

- at least one of the directors is required to be resident within the European Economic Area (“EAA”). The EAA consists of all EU members states together with Iceland, Norway and Liechtenstein. Alternatively, the company may hold a bond to the value of €25,400, for a two year period.

It is likely to take approximately ten working days to incorporate a company and the Registrar will then issue a Certificate of Incorporation. When incorporating a company, it is important to ensure that the company name has not already been used in Ireland or is so unwittingly similar to any existing names as to give rise to confusion in the marketplace. The Registrar will not permit the use of any such similar name.

## **Other entities commonly used by foreign investors**

### **Public limited company**

Public limited companies have the same essential characteristics as private limited companies i.e. the liability of members is limited to the amount of nominal capital subscribed, but the key differences are:

- shares in a public limited company are freely transferable;
- there is no restriction on the maximum number of members but the minimum number is seven;
- shares may be issued to the public and may be listed on a stock exchange; and
- certain additional reporting and capital requirements apply to such companies.

The word "public" refers not to the listing of the company's shares on a stock exchange, but rather to the facility to issue shares under a general public offering. Any limited company that does not qualify as a private company is deemed to be a public limited company. As with private limited companies, the Memorandum and Articles of Association set out the objects and rules of the company. There is no upper limit on the level of the issued share capital, but a minimum of €38,092 of share capital must be issued, of which 25% must be paid up. The name of a public limited company must include the letters "plc". In all other respects, public limited companies are similar in nature and form to private limited companies. In practice, public limited companies are seldom used by inward investors since the facility to issue shares to the public is often not of interest to such investors, while the minimum requirements in relation to the number of members and issued share capital can prove unnecessarily burdensome.

### **Unlimited company**

This is a form of business entity where there is no limit on the member's liability if the company's assets are insufficient to discharge the creditors. As a result of the risk of unlimited liability, inward investors do not often use these companies unless such risk can be eliminated. This can be achieved by having a limited liability company as the parent of the unlimited company. A number of advantages arise from this form of body corporate and these can be summarised as follows:

- an unlimited company may, without formality, purchase its shares from its members and may reduce its share capital without recourse to the courts;
- an unlimited company is generally not required to file a copy of its annual accounts with the Registrar of Companies provided at least one of its members does not have a limit on its liability. However, if all the members of the unlimited company are companies with limited liability, the unlimited company is required to file its accounts with the Registrar of Companies.

On application to the Registrar of Companies, an unlimited company may be converted into either a private or a public limited company and vice versa. However, this process is not reversible. An unlimited company is required to have at least two members, one of which may act as nominee for the other. In all other respects, unlimited companies are similar in form to private limited companies. In practice, the use of unlimited companies is confined to particular situations where greater flexibility is required in terms of share capital movements. In addition, the members may wish to avoid the public disclosure associated with filing of accounts with the Registrar of Companies.

### **Partnerships: general and limited**

A partnership, under Irish law, is defined as the relationship that exists between "two or more persons carrying on business in common with a view to profit". In practice, most partnerships are between individuals but a partnership may exist between individuals and companies and indeed between companies alone. The partnership entity does not have a legal personality separate from that of its partners. In the legal sense, the partnership does not enter into contracts in its own name, but in the names of its partners. Similarly, for legal purposes, the assets of the partnership usually belong jointly to the persons making up the partnership and, subject to the comments below regarding limited partnerships, each partner is jointly and severally liable for the debts of the partnership. A partnership other than a limited partnership is described as a general partnership.

Partnership arrangements are often formalised by way of a written partnership agreement. Where such an agreement is not in place, a general partnership is governed by the provisions of the Partnership Act 1890. It is usual for a partnership to prepare accounts showing the results of the partnership business. Generally, partnerships are not obliged to file these accounts with the regulatory bodies nor are they otherwise obliged to publish these accounts. It is also possible to establish what is known as a limited partnership. A limited partnership is comprised of at least one general partner (who has unlimited liability) and one or more limited partners. Limited partners are liable for partnership obligations only to the extent of the cash and property they contribute. Where no written partnership agreement is in existence, limited partnerships are governed by the Limited Partnership Act 1907. If the general partner is a limited company, the limited partnership is obliged to file its accounts for public record with the Registrar of Companies. A partnership, limited or general, is required to register the business name of the partnership with the Registrar of Business Names.

### **Sole proprietorship**

An individual setting up business as a sole proprietor is the most rudimentary business form. There are few legal formalities or costs associated with the operation of a business as a sole proprietorship and this form of business entity appeals primarily to small enterprises. Because the business is undertaken directly by the owner, he or she is personally liable for the business' obligations and may be required to pledge personal assets as collateral when borrowing funds. However, the owner has absolute managerial control and direct access to profits.

### **Incorporated in other countries trading in Ireland**

Foreign companies (i.e. companies incorporated outside Ireland) may conduct business in Ireland either through a branch or a place of business, depending on the level of independence of the Irish operation.

**Branch**

For Irish company law purposes, a branch is a division of a foreign company trading in Ireland that has the appearance of permanency, has a separate management structure, has the ability to negotiate contracts with third parties and has a reasonable degree of financial independence. EU regulations have been implemented that impose a similar registration regime on branches to that imposed on local companies.

A foreign company setting up a branch in Ireland is required to file basic information with the Registrar of Companies. This includes the date of incorporation of the company, the country of incorporation, the address of the company's registered office, details regarding the directors of the company and the name and address of the person responsible for the branch's operation within the State. The foreign company's constitution, certificate of incorporation and audited accounts must also be filed with the Registrar of Companies.

A foreign company trading in Ireland through a branch is also required to file its financial Statements with the Registrar of Companies within 11 months of the company's year end or at the same time as they are published in the country of incorporation, whichever is the earlier. Separate branch financial Statements are not required. As with Irish incorporated entities, changes in previously notified information must be reported to the Registrar of Companies.

**Other entities****Place of business in Ireland**

A foreign company undertaking business in Ireland from a fixed place of business, not being a branch, must file a copy of its constitution, together with a list of the directors of the company and the address of its established place of business in Ireland, with the Registrar of Companies. Foreign companies which have a place of business in Ireland (not being a branch) and which would be regarded as a public limited company if registered in Ireland are required to file annual accounts with the Registrar of Companies.

# Labour

The labour market in Ireland offers inward investors a pool of young, well-educated and highly motivated workers. Irish people have a strong work ethic and this is reflected in the rate of employee turnover which tends to be well below the European average. The profile of the Irish population is such that the availability of a young workforce is likely to continue well into the next century. Approximately 38% of people in Ireland are under 25 years of age; this compares with a European average of approximately 30%. These features have been a significant factor in attracting the large number of multinationals which have located operations in Ireland.

In terms of demographic factors, immigration from outside the European Economic Area (EEA) continues to contribute to labour force growth through the work permit system. In a study of demographic trends, economists at **NCB Stockbrokers** forecast that projected population declines across much of Europe meant Ireland's already strong economy would look even more attractive in a European context over the next decade. The population of the Republic will grow by 30% to over 5.3 million by 2020 and to six million by 2050.

## **Structure of the labour market in Ireland**

The educational system in Ireland ranks among the best in the world. Over 60% of new entrants to third level education in Ireland undertake business, engineering, computer science or science courses.

While Ireland is English speaking, a significant proportion of students and graduates are proficient in more than one language.

## **Labour migration and employment permits**

All EEA nationals are allowed to work in any European Union country without requiring Work Permits. Non-EEA nationals will require differing types of permission depending on their circumstances.

## **Work visa/work authorisation**

Prospective employees who are non-EEA nationals in the high-tech, medical and engineering sectors may apply for a work visa or work authorisation. The criteria for issuing work visas and work authorisations change regularly according to the demands of the economy. This form of employment permit is issued to an individual, as opposed to an employer. The working visa/work authorisation entitles holders to work for any company in the specified sector for the duration of the employment permit.

**Work permit**

A work permit is applied for and issued to an employer as permission to employ a specific, named, non-EEA national, for a specific job, for a specific period of time not exceeding one year in duration. The non-EEA national is not allowed to work for other employers during the period of the permit. Non-EEA nationals working in Ireland on foot of a work permit can change employer and job, so long as the new employer has made a successful application for a new work permit.

In order to receive a work permit employers are obliged to have demonstrated that they have made every effort to employ an EEA national before a work permit will be issued. All employees are advised that a work permit will entitle them to work for the specific company named and no other for the duration of the permit. When the permit has expired their permission to work in Ireland has expired.

**Interaction of work permit requirements and tax compliance clearance**

The Department of Enterprise, Trade and Employment seeks clarification in relation to the tax compliance status of the employees on whose behalf the work permits are being sought. Work permit applications ask for the employer's tax registration number and the individual's Personal Public Service Number (PPSN), and renewal applications request a copy of the individual's most recent annual certificate of pay and tax deducted (P60).

**Visas**

All EEA nationals may enter into Ireland without a visa. Some non-EEA nationals will require visas to enter into Ireland. The individual must apply for a visa as the visa may not be applied for by the company on behalf of the individual. The employee should apply for a visa in the Irish embassy or consulate in his country of residence. In addition, the employee must specifically apply for an employment visa as opposed to a business or tourist visa. The standard employment visa (single entry) allows only one entry to Ireland. The current exceptions to this rule are the spouses of work permit holders eligible to apply for work permits under the Spouses' Work Permits Scheme.

**Residence permits**

Non-Irish nationals (with the exception of UK nationals) are required to register with the local police authorities within seven days of their arrival in Ireland, if they plan to stay longer than three months. Their passports will then be stamped and they will receive a residence permit which is renewable annually.

Further information on the permits granted to foreign nationals coming to work in Ireland and the procedures and documentation involved is available on request.

## Country profile

The primary focus of Ireland's strategy to attract investment has been to create a favourable economic and fiscal environment, which is supportive of industry. Ireland's strategy has proven successful, as in recent years there has been growing recognition of Ireland as a jurisdiction providing a stable economic environment. Ireland's government policies have continued to provide infrastructure and support conducive to business activity.

In addition to the commercial aspects of investing in Ireland, there are other factors which have seen Ireland become recognised as the pre-eminent jurisdiction for establishing a European foothold for multinational business such as its geographical proximity to neighbouring European Union nations, the competitive advantages it holds in telecommunications and infrastructure, its supply of qualified labour, together with one of the most beneficial tax environments.

Key to creating a beneficial tax environment in Ireland is the corporation tax rate of 12.5% from 1 January 2003 on all trading income, whether manufacturing or not. A low corporation tax rate is an incentive which has been maintained by successive Governments since 1955, an endorsement of their support for private enterprise and industry. This endorsement is also demonstrated by the availability of non-repayable financial grants, which can significantly reduce start-up costs.

Competitive operating costs, low corporation tax and generous financial incentives combine to give investors in Ireland a uniquely high return on their investment. The continued cost competitiveness of Ireland as a business base is ensured through low inflation and a stable currency.

### Language

Although the Irish language, as the national language, is the first official language, the country is English speaking.

### Business hours/time zone

Time in Ireland is GMT.

Offices in Ireland usually open from 9 a.m. to 6 p.m. with an hour for lunch. Keep in mind that some offices will close between 1 p.m. and 2 p.m. for lunch. Factories usually start at 8 a.m. and run to 5 p.m.

Most banks open from 10 a.m. - 4 p.m. Monday to Wednesday and Friday, with later opening on Thursday until 5 p.m.

Government offices generally open between 9 a.m. and 4 p.m. Most will be closed from 1 to 2 p.m. for lunch.

Shops open from 9 a.m. to 6 or 7 p.m. Monday to Wednesday, Friday and Saturday with later opening on Thursday until 8 or 9 p.m. and Sunday opening from 12 to 6 p.m.

### Public holidays

Irish statutory holidays/public holidays are as follows:

- New Year's Day - 1st January
- St. Patrick's Day - 17th March
- Easter Monday (date varies)
- May Day - first Monday in May
- June holiday - first Monday in June
- August holiday - first Monday in August
- October holiday - last Monday in October
- Christmas Day - 25th December
- St. Stephen's Day - 26th December.

### Cost of living

A report carried out by Mercer Human Resource Consulting which measured the cost of 200 items such as housing, clothing and food in 143 cities on six continents showed the following results. Although Ireland is regarded as having quite a high cost of living, the quality of living is also high with Dublin ranking third in Europe for health and sanitation.

#### Cost of living around the world

	Rent of Flat	Bus/tube ticket	Music CD	Intl Paper	Cup of Coffee	Burger Meal
Moscow	€3,037 /£2,057	N/A	€18.85 /£12.77	€4.78 /£3.24	€4.78 /£3.24	€3.65 /£2.47
London	€2,952 /£2,000	€4.43 /£3	€19.17 /£12.99	€1.77 /£1.20	€2.95 /£2	€5.74 /£3.89
Tokyo	€3,115 /£2,110	€1.95 /£1.32	€12.00 /£8.13	€1 /£0.66	€3.44 /£2.33	€4.08 /£2.77
Copenhagen	€1,745 /£1,182	€2.55 /£1.73	€20.66 /£14.00	€2.40 /£1.64	€3.76 /£2.55	€7.36 /£4.99
Dublin	€1,200 /£812	€1.51 /£1.02	€20.00 /£29.50	€2.10 /£1.40	€3.00 /£2.00	€6.50 /£4.40
New York	€3,037 /£2,057	€1.52 /£1.03	€13.22 /£8.96	€1.24 /£0.84	€2.85 /£1.93	€4.32 /£2.93
Beijing	€2,156 /£1,451	NA	€16.66 /£11.29	€3.04 /£2.06	€3.42 /£2.32	€2.00 /£1.36
Sydney	€1,547 /£1,048	€1.48 /£1.01	€14.83 /£10.05	€2.67 /£1.81	€2.08 /£1.41	€3.84 /£2.60
Vancouver	€1,033 /£700	€1.50 /£0.98	€14.85 /£10.06	€2.40 /£1.64	€2.09 /£1.42	€3.22 /£2.18
Johannesburg	€723 /£490	NA	€16.52 /£11.19	€2.50 /£1.68	€1.46 /£0.98	€2.07 /£1.40
Buenos Aires	€1,063 /£720	€0.25 /£0.18	€8.58 /£5.81	€4.40 /£2.99	€1.34 /£0.91	€3.30 /£2.24

Source: Mercer Human Resource Consulting

## Grant aid assistance

### Government incentives

Since 1 January 2003, a corporation tax rate of 12.5% applies to nearly all Irish trading profits in all sectors, including manufacturing and international services.

Ireland offers an extremely cost competitive business environment with operating costs among the lowest in Europe. An important part of the incentive package offered is the availability of generous grants towards initial start-up costs. A variety of grants are available which can be specifically tailored to meet the needs of each company. These cash grants are non-repayable and are administered by Enterprise Ireland, the Industrial Development Agency (IDA) or by Shannon Development.

Each proposed investment project is assessed by the IDA against a number of criteria. Grant levels are determined by negotiation and grant payments are structured in a way that best suits the financing requirements of the company. The European Union (EU), as part of its social and regional development policy, contributes towards the funding of industrial development.

### Capital grants

Cash grants towards the cost of fixed assets are available to companies to help to defray the cost of setting up an operation. Fixed assets eligible for assistance include site purchase and development, buildings and new plant and equipment. Where a factory building is rented, a grant towards the reduction of the annual rental payments may be available instead.

### Employment grants

Employment grants are specifically geared towards companies which create employment but do not need to invest heavily in fixed assets. These grants are non-taxable and are geared to low employment areas. An amount will be approved for each job.

One-half of the agreed amount per job will be paid on certification that the job has been created and the balance one year later, provided the job still exists.

### Training grants

Grants are available towards the cost of training workers and management for new industries. The costs that are covered include trainees' wages and travel and subsistence expenses, either in Ireland or abroad. The cost of bringing training personnel to Ireland may also be recovered. The grants also extend to the engagement of instructors, technical advisors or consultants to train or to assist in the training of persons for supervisory or management positions.

Training grants are based on specific training programmes agreed between each investing company, IDA Ireland and FÁS (the Irish Training Authority).

### **Research and Development (R&D) grants**

Cash grants are provided to assist overseas companies to engage in industrial research and development that will result in increased competitiveness and growth.

#### **Product and process development**

Grants are available for research into new and improved products and processes. The costs eligible for grant-aid include expenditure on the provision of sites, premises and plant and equipment to set up facilities including wages and salaries, materials, services and consultancy fees.

#### **Feasibility studies**

Companies based in Ireland investigating the feasibility of new products or markets may apply for a feasibility grant. The work can include assessing markets, technical work and raw material sourcing. Eligible expenditure includes salaries, travel costs, expenses and consultancy.

#### **Technology acquisition**

Grants are provided towards the cost of acquiring new technology which will assist companies in their production operations.

#### **Equity**

In some situations, the IDA will take an equity stake in companies, in the form of ordinary or preference shares.

## Regulatory environment

Ireland provides a very favourable tax environment to encourage business development and sustain rewarding investment. Tax reliefs form an important part of the total incentive package available to overseas companies establishing a business in Ireland.

There has also been a considerable increase in the level of focus on regulatory and compliance practices in Ireland over recent years. This has been due to both the continuing success of Ireland as an e-commerce hub and also an increased interest in consumer protection. The Irish Financial Services Regulatory Authority (IFSRA). IFSRA is responsible for consumer protection and financial sector regulation. EU and international regulatory developments are also impacting on the industry.

### **Restrictions on foreign ownership**

Irish laws are very liberal toward trade and industry. There are no general prohibitions against the acquisition of majority holdings by foreign interests in Irish companies or against foreign ownership of either business entities or real property.

### **Government approvals and registration**

The Central Bank of Ireland (CBI) does screen and approve all foreign investment. Remittance of dividends and profits and the repatriation of capital must also have prior Central Bank approval but approval is mainly a formality. Royalty agreements between resident and non-resident companies must be approved by the CBI. These approvals are routinely granted and serve more as a monitoring function than as a method of capital control.

### **Competition rules/consumer protection**

Competition law is designed to protect competition and consumers by prohibiting anti-competitive business practices. The competition rules of the EC apply in Ireland and are superior to any conflicting Irish rule.

### **Import and export controls**

The Licensing Unit of the Department of Enterprise, Trade and Employment administers European Union (EU) restrictions on the importation into the Union of certain non-EU products. In some instances, it may be necessary to apply to the Licensing Unit for a license to import such products.

Some degree of control of exports from Ireland has to be retained in order to:

- prevent the export of "Dual-Use" items i.e. items which have both civilian and military uses;

- prevent the export of military goods to countries whose behaviour is considered a threat to international or regional peace; and
- to comply with restrictions imposed by the UN, EU and OSCE.

Exporters are strongly advised to consult the legislation where and when queries arise in relation to specific exports and exporting situations. Applications for export licences should be submitted to the Export Licensing Unit of the Department of Enterprise, Trade and Employment.

### **Price controls**

There are no legal price controls in Ireland. Competition law is now based on EU legislation.

### **Use of land**

Building development requires the approval of the relevant local authority. Legislation to protect and maintain the environment is closely modelled on EU Directives and covers matters such as planning and building regulations, public safety and the issue of pollution control licences. This legislation is implemented primarily by local authorities and by the Environmental Protection Agency. This agency is a government body responsible for monitoring and licensing those industrial activities that are considered to carry a significant risk of environmental pollution.

### **Exchange control**

There are no restrictions on the repatriation of earnings, capital, royalties or interest and repatriation payments can be made in any currency. Similarly, there are no restrictions on the import of capital to Ireland. Residents and non-residents can operate bank accounts in any currency and Irish businesses are free to open bank accounts in any location outside Ireland.

Inward investors must, of course, have regard to exchange control regulations in their home countries.

# Finance

Ireland has a well-developed domestic financial services industry. In general, the banking sector is dominated by a number of domestic banks, particularly in the retail sector. However, a large number of foreign banks also have operations in Ireland concentrating principally, though not exclusively, on the corporate sector. The Central Bank of Ireland is the regulator for banks established in Ireland. It is also the regulatory authority for investment funds domiciled here.

The insurance industry is well developed in Ireland. A number of foreign insurers have a significant market share, mainly through Irish subsidiaries or branches.

The Euro is the currency of Ireland and of the 15 other Euro-zone countries. The countries participating in Eurozone are Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain.

## **Banking system**

Irish licensed banks can be classified into three main categories:

- clearing banks;
- merchant and commercial banks; and
- industrial banks.

The main clearing banks are Allied Irish Bank, Bank of Ireland, National Irish Bank and Ulster Bank. These provide a full range of banking services, including foreign exchange dealing and hedging activities. Many international banks are represented in Ireland for commercial lending and foreign exchange facilities.

## **Capital markets**

The Irish Stock Exchange plays a key role in Ireland's financial infrastructure with roots that stretch back to 1793 when the Stock Exchange first began in Dublin. Since that time, the Exchange has brought together those wishing to raise finance (whether business or Government) with those who wish to invest.

The Exchange provides a market place where listed securities can be traded efficiently. This includes maintaining market rules and providing services for market users. While the Exchange lists hundreds of securities, including investment funds, the main markets, from a trading point of view, are in the shares of Irish listed companies and Irish Government bonds.

# Imports

International and internal transport services are well developed. EU structural funds have been used to upgrade the network of main secondary roads linking the major population centres. The rail network includes a cross-border rail link with Northern Ireland. Six international airports provide connections to the UK, the rest of Europe and the US. Imports and exports are transported mostly by sea. Dublin is the main port but there are a number of other large ports. Passenger car ferry services provide direct sailing to the UK and France.

Ireland has one of the most advanced telephone systems in Europe. It is the Government's intention to make Ireland the e-commerce hub of Europe.

## Import restrictions

The Licensing Unit of the Department of Enterprise, Trade and Employment administers European Union (EU) restrictions on the importation into the Union of certain non-EU products. In some instances, it may be necessary to apply to the Licensing Unit for a licence to import such products. The three types of import restrictions which are applied are:

- quantitative restrictions - a limit or "quota" is imposed on the volume of goods that may be imported from non-EU countries ("third countries"). Quotas may be managed in different ways but the most commonly used method is that of "first come, first served basis".
- single surveillance - a statistical tool which enables the EU to monitor the level of imports of certain goods from third countries. There is no limit on the volume that may be imported.
- double surveillance - the EU monitors the level of imports of a particular product while the supplier country monitors the level of exports to the EU. There is no limit on the volume of goods that may be imported.

In most cases, the decision to issue an individual licence is subject to explicit approval from the European Commission. The system does not allow any margin of indiscretion to the Department.

## Customs duties

Ireland is a member of the European Union (EU) and all border controls between member countries have been eliminated. This created the Single European Market, which allows duty-free importation of goods from other EU countries.

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 the International Harmonised

System (HS). The EU has preferential tariff agreements with certain countries and country groupings which will result in the rates being reduced or eliminated.

Excise duty is chargeable on a limited number of goods including petrol, diesel, LPG, beer, spirits, wine, tobacco products and motor vehicles. Excise tax rates vary depending on the goods and are payable in addition to any customs duties payable.

### **Duty relief**

Customs and Excise duties are collected at point of importation. There are, however, some arrangements in operation under which goods may be imported without payment of duty.

- inward processing – approval may be obtained to import goods duty-free from outside the EU for processing and re-exportation to non-EU countries.
- warehousing – businesses can obtain approval to store goods duty-free on their premises until required. If the goods are for processing, the above relief will apply. Where it is finished product for sale, no duties are payable if the goods are re-exported outside the EU. Where the goods are released into the EU, the appropriate duties are payable.
- special arrangements operate to allow movement of dutiable goods within the EU, with the duty being eventually paid in the country of consumption.

# Financial reporting and audit

- financial Statements must be prepared in accordance with Irish GAAP.
- these financial Statements must be in the format set out in the Companies Acts.
- Irish incorporated companies are required to have their financial accounts audited by a registered auditor.
- companies with subsidiaries must generally prepare group accounts.

## Accounting standards

Irish Generally Accepted Accounting Principles (GAAP) take the form of Financial Reporting Standards (FRS). There are certain differences between these principles and International or US Generally Accepted Accounting Principles (GAAP).

Irish GAAP is governed by guidelines issued by the Accounting Standards Board as promulgated by the Institute of Chartered Accountants in Ireland. As and from 1 January 2005 listed companies must adopt International Financial Reporting Standards (IFRS) under EU directives.

There has been a significant amount of work carried out to align FRS with IFRS (the Convergence project) and several Irish standards have been amended to mirror IFRS principles during 2006.

## Domestic corporations

### Filing/publication requirements

Irish companies are required to keep proper financial records. The directors are also required to prepare accounts on a periodical basis, which give a true and fair view of the state of affairs and results of the company for its financial period, a copy which must be filed with the Registrar of Companies. An abridged form of financial Statements can be filed by small or medium sized companies (as defined in company legislation).

### Audit requirements

Irish incorporated companies are required to have their financial Statements audited by a registered auditor, subject to the exemptions listed below. The audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial Statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial Statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed. If the auditor is satisfied with the above, a formal (unqualified) audit report will be issued.

Certain private limited companies are exempt from having their financial Statements audited. To qualify for the exemption the company must meet the following criteria for both the current and previous accounting year:

- turnover less than €7,300,000;
- balance sheet total less than €3,650,000; and
- average number of employees below 50.

This exemption does not apply to:

- unlimited companies
- public limited companies
- parent or subsidiary companies;
- banks and financial institutions;
- insurance companies; and
- financial intermediaries.

This is an exemption from an audit only. It does not obviate the need to prepare financial statements. In both the previous year and the year concerned, the annual return and accounts must be filed at the Companies Registration Office within the time limit specified in the Companies Acts.

#### **Audit and publication requirements**

Branches of foreign companies operating in Ireland are not required to have accounts audited independent of the company accounts to which they relate, however it should be noted that a copy of the company (not the branch) accounts must be filed with the Registrar of Companies within eleven months of the year end.

## Appendix 1 – Irish tax treaties

Table of Source Country Tax Rates for Dividends, Interest and Royalties			
Country	Withholding Tax Rates %		
	Dividends(a)	Interest	Royalties
Australia	15	10	10
Austria	0(b)/10	0	0/10(m)
Belgium	0(b)/15	15	0
Bulgaria	5(d)/10	0(i)/5	10
Canada (2006)	5/15	0/10	0/10
China	5(d)/10	0(i)/10	10(u)/10(p)
Chile	5/15	5/15	5/10
Croatia	5(e)/10	0	10
Cyprus	0	0	0/5(o)
Czech Rep	5(d)/15	0	10
Denmark	0(b)(d)/15	0	0
Estonia	5(d)/15	10	5(p)/10
Finland	0(b)(e)/15	0	0
France	0(b)/10(f)/15	0	0(q)
Germany	0(b)/15(g)	0	0
Greece	5/15	5	5
Hungary	5(h)/15	0	0
Iceland	5/15	0	0/10
India	10	0(l)/10	10
Israel	10	5(k)/10	10
Italy	0(b)/15	10	0
Japan	10(d)/15	10	10
Korea (Rep)	10(e)/15	0	0
Latvia	5(d)/15	10	5(p)/10
Lithuania	5(d)/15	10	5(p)/10
Luxembourg	0(b)/5(d)/15	0	0
Malaysia	10	0(l)/10	8
Mexico	5(e)/10	0(l)/5(t)/10	10
Netherlands	0(b)(d)/15	0	0
New Zealand	15	10	10
Norway	0(t)/5(e)/15	0	0
Pakistan	15/0-35(i)	No Limit	0
Poland	0(d)/15	0(k)/10	10
Portugal	0(b)/15	0(l)/15	10
Romania	3	0(k)/3	3
Russia	10	0	0
Slovak Rep	0(d)/10	0	0/10(u)
Slovenia	5(d)/15	0(l)/5	5
Spain	0(b)(d)/15	0	5 (r)/8(s)/10

South Africa	0	0	0
Sweden	0(b)/5(e)/15	0	0
Switzerland	10(d)/15	0	0
UK	0(b)(e)/15	0	0
United States	5(e)/15	0	0
Zambia	0	0	0

### Notes

- a from 6 April, 1999 Irish withholding tax applies.
- b per EC Parent-Subsidiary Directive (25% holding).
- c inter-corp. rate – 100% holding (see other conditions in treaty)
- d inter-corp. rate – 25% holding.
- e inter-corp. rate – 10% holding.
- f inter-corp. rate – 50% holding.
- g subject to variation – see treaty.
- h 10% holding.
- i for an Irish individual recipient (not engaged in trade or business in Pakistan through a permanent establishment) – the withholding tax rate is the Pakistani tax rate (currently graduated scale to a top rate of 35%) which would have applied if he/she were a Pakistani resident liable to tax on his/her total world income.
- j from Ireland – domestic standard rate applies.
- k certain credit sales and bank interest and, in the case of Romania, any loan of whatever kind made for 2 years or more and any debt-claim guaranteed, insured or financed by the Government of either contracting State.
- l certain government loans and, in the case of Mexico, certain pension funds.
- m if the recipient holds more than 50% of the payer company.
- n literary, dramatic, musical or artistic copyrights (other than for films or TV) – otherwise domestic rate applies.
- o for films (not TV).
- p for use of industrial, scientific, or commercial equipment. In the case of China, the rate is 10% of the adjusted amount of the royalties – adjusted amount means 60% of the gross amount of the royalties.
- q excluding films – domestic rate applies.
- r literary, dramatic, musical or artistic copyrights.
- s films, tapes and lease payments.
- t for loans from banks and, in the case of Ireland/Norway, certain government funds.
- u for technical royalties or for information concerning industrial, commercial or scientific experience.

The treaty network continues to be expanded and updated.

## Appendix 2 – Sample of companies located in Ireland

Companies involved in a wide range of activities in sectors as diverse as engineering, information communications technologies, pharmaceutical and research and development view Ireland as a uniquely attractive location in which to do business. These companies include:

<b>ICT</b>	<b>R&amp;D</b>	<b>Pharmaceutical/ Medical</b>	<b>Group Treasury/ Cash Pooling</b>
Analog Apple Computer Ltd. Dell Google Hewlett Packard Microsoft Yahoo Intel Ireland Ltd	Dow Corning Xilinx IBM Intel	Abbott Ireland Pfizer Ireland Johnson and Johnson Tyco Healthcare Schering Plough Boston Scientific Medtronic Ireland Ltd.	IBM Ireland Bristol Myers Squibb Proctor and Gamble Newell Rubbermaid Pitney Bowes Lucent
<b>Engineering</b>	<b>Captive Insurance</b>	<b>Financial Services</b>	<b>Shared Service Centres</b>
Allied Signal Pratt and Whitney	Coca Cola Hertz	Citibank Europe	Citibank Dell Xerox Yahoo EMC Ireland

## Appendix 3 – Tax facts 2009

INCOME TAX		
<b>Tax credits</b>		
Single person or separated spouse		€1,830
Married person – jointly assessed		€3,660
Widowed person – with dependent children		€1,830
Widowed person – without dependent children		€2,430
One parent family allowance		
i Widowed person *		€1,830
ii Other persons *		€1,830
<b>Age allowance – 65 years or more</b>		
Single/Widowed		€325
Married		€650
Incapacitated child credit		€3,660
PAYE credit		€1,830
Home carers credit (max)**		€900
Dependent relative credit		€80
Rent relief		
	<b>Under 55</b>	<b>Over 55</b>
Single	€400	€800
Married/Widowed	€800	€1,600
Blind allowances – one/both spouse(s) blind		€1,830/€3,660
* additional child allowances available for five years after year of bereavement		€2,000 - €4,000
** if maximum credit is to be obtained, the income of the home-carer must <b>not</b> exceed €5,080 in the year. A reduced credit applies if the income of the home carer is between €5,080 and €6,880.		

RATES		
Single/Widowed	Married (one spouse working)	Married (Both spouses working)
At 20% ** First €36,400	First €45,400	*** First €45,400
At 20%	-	Plus €27,400
At 41% Balance	Balance	Balance
** the standard rate band will be widened to €40,400 for a single or widowed person with dependent children and those who qualify for the one-parent family tax credit.		
*** the standard rate band for a married couple both with income is €45,400 subject to an increase of up to €27,400. The increase will be the lower of €27,400 or the amount of income of the spouse with the lower income – this increase is <b>not</b> transferable between spouses.		

EXEMPTION LIMITS		
Age	Single/Widowed	Married
65 and over	€20,000	€40,000
Rate for marginal relief 40%		
The exemption limits are increased by €575 for the first and second qualifying child and by €830 for the third and subsequent qualifying child.		

INCOME LEVY*		To	From	Annualised
		30.04.2009	1.05.2009	Rate 2009
		%	%	%
First	€75,036 (per week €1,443)	1	2	1.67
Next	€25,064 (per week €482)	1	4	3
Next	€74,880 (per week €1,440)	2	4	3.33
Next	€75,140 (per week €1,445)	2	6	4.67
Balance	(excess over €4,810)	3	6	5
Annual exemption limit €15,028 (€18,304 prior to 1 May 2009)				
Over 65 years annual exemption limit €20,000				
*on <b>all</b> income before any relief for capital allowances, losses, pension, etc. subject to certain exemptions				

**Deposit interest retention tax**

Deposit interest retention tax (D.I.R.T.) to 23% on deposit interest paid or credited from 1 January 2009 and 25% on or after 8 April 2009.

**Benefits in kind**

Employers are obliged to compute the amount of an employee's BIK and deduct PAYE/PRSI payable on all benefits from the employee's salary at each payday. Where an employer provides an employee with a small non-cash benefit not exceeding an amount of €250, the benefit is exempt. Only one such benefit will be exempt each year.

**Car parking levy**

A levy of €200 per annum will be charged on employees provided with car parking facilities by employers in the main urban centres. This is subject to the passing of a Ministerial Order.

**Cars**

Where a company car is made available for private use, the employee is chargeable to PAYE/PRSI in respect of that use. The amount chargeable to PAYE/PRSI is "Original Market Value" (OMV) multiplied by the following percentages.

Annual business mileage threshold (km)	Cash equivalent (% of OMV) Vehicle categories A, B & C CO <sub>2</sub> emissions up to 155g/km *(1)	Cash equivalent (% of OMV) Vehicle categories D & E CO <sub>2</sub> emissions from 156g/km – 190g/km *(2)	Cash equivalent (% of OMV) Vehicle categories F & G CO <sub>2</sub> emissions over 190g/km *(3)
24,000 or less	30%	35%	40%
24,001 to 32,000	24%	28%	32%
32,001 to 40,000	18%	21%	24%
40,001 to 48,000	12%	14%	16%
48,001 and over	6%	7%	8%

\*Column (1) refers to the BIK calculation for all cars in use prior to 1 January 2009. Columns (1), (2) and (3) refer to the BIK calculation for cars first provided for use in 2009, subject to the passing of a Ministerial Order.

**Preferential loans**

Specified rate for home loans	5.0%
Specified rate for other loans	12.5%

**Share options**

Income tax is due on the benefit in kind arising on the exercise of a share option. The benefit is the difference between the market value of the shares on the date of exercise and the price paid for the shares. The income tax is due 30 days after exercise.

**Health expenses**

Qualifying expenses are those which are not reimbursed by a medical insurer or the HSE. Health expenses relief will be granted at the standard rate of 20% from 1 January 2009, with the exception of nursing home expenses which will be standard rated from 1 January 2010.

**PRSI/Levies – Contribution rates****Class A (Most employers)**

Income	Employer*	Employee (to 30.04.09)	Employee (from 01.05.09)
Up to €52,000	10.75%	6% (includes Health Levy)	8%
Next €23,036	10.75%	2%	8%
Next €25,064	10.75%	2%	5%
Excess	10.75%	2.5%	5%

\*Reduced rate of 8.5% if income is under €356 per week.

The first €127 per week is free of PRSI for employees. Employees earning €352 per week or less will be exempt from PRSI and those earning €500 per week or less will be exempt from the Health Contribution.

**Class S (self-employed)**

Income	To 30.04.09	From 01.05.09
All income up to €75,036	5% (includes 2% Health Contribution)	7%
Over €75,036	5.5% (includes 2.5% Health Contribution)	8%

(€100,100 30.04.09)

Self employed persons are exempt from Health Contributions where annual income is €26,000 or less. Minimum contribution otherwise is €253.

Stamp duty Aggregate consideration	Residential		Non-residential property	
	First time Owner occupier	Others		
€0 - €125,000	Exempt	Exempt	€0 - €10,000	0%
€125,001 - €1,000,000	Exempt	7%	€10,001 - €20,000	1%
Over €1,000,000	Exempt	9%	€20,001 - €30,000	2%
			€30,001 - €40,000	3%
			€40,001 - €70,000	4%
			€70,001 - €80,000	5%
			Over €80,000	6%

### CAPITAL GAINS TAX

Flat rate	25% (22% to 07.04.09)
Exemption limits per individual	First €1,270
Retirement relief exemption Limit	€750,000
Capital gains tax (CGT) payment dates are as follows:	
Chargeable gains made on or before 30 November 2009	15 December 2009
Chargeable gains made in the month of December 2009	31 January 2010
Exemption from CGT of inter-spouse transfers will not apply where the receiving spouse will not be chargeable to Irish CGT by reason of being non-resident where the acquisition and disposal are in the same year.	

### CAPITAL ACQUISITION TAX

Exempt threshold to 07.04.09			From 08.04.09
1	€542,544	Child, minor child of a deceased child or inheritance by parent	€434,000
2	€54,254	Lineal ancestor, lineal descendant, brother, sister or a child of brother or sister of the disposer	€43,000
3	€27,127	Any other relationship	€21,700
4		Gifts and inheritances between spouses are exempt from CAT	
A single tax rate of 25% from 8 April 2009 (22% from 1 January to 7 April 2009) applies on the balance over the threshold amount. This applies to gifts and inheritances.			
There is an exemption from capital acquisitions tax for the transfer of a private residence in certain circumstances.			
There is a provision to reduce the taxable amount of certain gifts and inheritances where they consist of agricultural property or certain business assets.			
Small annual gift exemption of €3,000 is available per individual			

### CORPORATION TAX

Manufacturing income*	Trading income	Other income**	Residential land profits	Other capital gains
10%	12.5%	25%	25% (from 7 April 2009)	25% (22% to 7 April 2009)

\*Includes companies deemed to be manufacturing and operating pre July 1998. Rate available until 2010 only.

\*\*Additional surcharge of 20% in certain cases.

There will be a 3 year corporation tax exemption for start-up companies subject to certain conditions and passing of a Ministerial Order.

### Dividend withholding tax

A withholding at the standard income tax rate (currently 20%) should be deducted from dividends paid by an Irish tax resident company, subject to certain exemptions.

### CAPITAL ALLOWANCES

Plant and machinery	Wear and tear capital allowances	
	Motor vehicles	Industrial buildings
12.5% per annum	12.5% per annum	4% per annum
Maximum allowable capital cost for new and second hand private vehicles is €24,000		
Any expenditure incurred on new private vehicles used for business purposes will have the capital allowances linked to the CO <sub>2</sub> emission level of the vehicles with no capital allowances available for cars with CO <sub>2</sub> levels above 100g/km		

### Value added tax

Rates 21.5% 13.5% 5.2% 4.8% 0%

Registration limits €75,000 (goods) €37,500 (services)

Limit for cash receipts basis €1,000,000

The 4.8% VAT rate for supply of livestock still applies even though the 'flat-rate' farmer addition is 5.2%.

A VAT input credit of 20% of the VAT borne will now be available on the cost incurred on the purchase of cars used at least 60% for business purposes from 1 January 2009. Certain other conditions apply.

## Appendix 4 – Other publications

12.5% Tax rate

Research and Development credits

Labour market in Ireland

Immigration information

Financial services organisations

Aviation leasing and structured finance

Ireland as a holding company location

**For a copy of any of the above please contact**

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### Department of Enterprise Trade and Employment

[www.entemp.ie](http://www.entemp.ie)      [info@entemp.ie](mailto:info@entemp.ie)      +353 (0)1 631 2121

### Business Access to State Information and Services (BASIS)

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### Enterprise Ireland

[www.enterprise-ireland.com](http://www.enterprise-ireland.com)      [client.service@enterprise-ireland.com](mailto:client.service@enterprise-ireland.com)      +353 (0)1 808 2000

### Companies Registration Office (CRO)

[www.cro.ie](http://www.cro.ie)      [info@cro.ie](mailto:info@cro.ie)      +353 (0)1 804 5200

### Irish Patents Office

[www.patentsoffice.ie](http://www.patentsoffice.ie)      [patlib@entemp.ie](mailto:patlib@entemp.ie)      +353 (0)1 631 2603

### Department of Foreign Affairs

[www.gov.ie/iveagh/](http://www.gov.ie/iveagh/)      +353 (0)1 478 0822

### Irish Revenue Commissioners

[www.revenue.ie](http://www.revenue.ie)

### Business Directory

[www.goldenpages.ie](http://www.goldenpages.ie)

### Estate Agents:

[www.myhome.ie](http://www.myhome.ie)

[www.propertypartners.ie](http://www.propertypartners.ie)

[www.lisney.ie](http://www.lisney.ie)

[www.daft.ie](http://www.daft.ie)

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