O'GRADYS

SOLICITORS

DOING BUSINESS IN THE REPUBLIC OF IRELAND 2015

4TH FLOOR
8-34 PERCY PLACE
DUBLIN 4

Contents

1. **Introduction**
2. **Country Profile**
3. **Business Entities**
4. **Accounting – Financial Reporting and Audit requirements**
5. **Taxation**
6. **Labour Force, Education and Incentives available for Employers**
7. **Regulatory Environment**
8. **Financial Services**
9. **Importing and Exporting to/from Ireland**
10. **Revenue Powers**
11. **Useful Contacts**

1. Introduction

- The Republic of Ireland ("**Ireland**") has earned the reputation as one of the best countries to do business in whether it be; an indigenous Irish domiciled Company, start up or a branch of a multinational Corporation.

- The advantages offered by Ireland as a business location can be summarised as follows:

  - The availability of a highly skilled, accessible and educated labour force. Ireland was ranked number one in the world for the availability of skilled labour, the IMD World Competitiveness Yearbook, 2014;

  - An attractive tax regime underpinned by a corporation tax rate of 12.5% and 68 double taxation treaties in place;

  - Irish Companies are looking to invest and grow their business and hire new staff, Grant Thornton International Business Report, 2013;

  - Ireland is a gateway to the EU with 500 million customers, the largest single market in the world;

  - Ireland is the only English speaking country in the Eurozone and has historical and developed relationships with key markets in the United States and United Kingdom;

  - Very generous Research and Development tax credits highlighting the importance of the sector and contribution to the Irish Economy. Ireland is ranked in the top ten in the Global Innovation Index;

  - Ireland is ranked as one of the top ten easiest places in the world to do business, World Bank Doing Business Report, 2013;

  - Ireland is first in the world for inward investment as measured by quality and value and is first in Europe as measured by the number of investment jobs per capita, IBM 2013 Global Location Trends Report;

  - The Irish education system ranks in the top ten of countries in the World who meet the needs of a competitive economy, IMD World Competitiveness Report, 2013;

  - Ireland has the freest economy in the Euro Zone, Index of Economic Freedom, Heritage Foundations/WSJ 2014; and

  - There are a range of grants available to employers; Employment, Capital, Research and Development set up by Government to enhance Ireland as a cost effective location to do business.

2. Country Profile

- There is a stable political system whereby the Government and all major political parties within Ireland understand and accept the importance of; developing, promoting and enhancing a proactive business environment to; attract, retain business and create employment.

- Ireland has a population of 4,600,000 of whom 1,900,000 are in full employment.

    - There are 300,000 employees who are employed directly by the State; and
    - The unemployment rate is 10.7% as at November, 2014 and has fallen steadily each year since 2009.

- There is a historical Trade Union ethos in Ireland but this applies mainly to; State employees, traditional manufacturing Companies and a number of industries, for example banking.

    - Approximately 600,000 of the workforce are members of Trade Unions with approximately 80% of all State employees being a member of a Trade Union; and
    - There is no obligation for Companies to negotiate with Trade Unions or for their employees to be members of Trade Unions **unless** a Company recognoises that their employees have rights as defined by being a member of a Trade Union.

- All business is completed through English and although Irish is the national language, English is the spoken language.

- There are a number of statutory public holidays as follows:

    - 1st January, New Years Day.
    - 17th March, St. Patricks Day.
    - Easter Monday, no set day each year.
    - The first Monday in May.
    - The first Monday in June.
    - The first Monday in August.
    - The last Monday in October.
    - 25th December, Christmas Day.
    - 26th December, St. Stephens Day.

3. 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 50 with a minimum of one;
        - Restrict the members' right to transfer shares;
        - 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;
            - A name search with the Companies Registration Office to ensure that the intended name of the company is not already being used or is not too similar to the name of an existing company; and
            - At least one of the directors is required to be resident in Ireland. Alternatively, the company may hold a bond to the value of €25,400. Two original bonds will be provided by an

insurance company and both must be filed with the Companies Registration Office.

- 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;
      - 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 in a DTA State 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; and
  - 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; and

- 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.

4. Accounting – Financial Reporting and Audit requirements

- Companies must abide by financial and reporting audit requirements:
    - Listed Companies must prepare their consolidated group accounts in accordance with International Financial Reporting Standards ("**IFRS**").
    - All other companies can choose between IFRS or Irish Generally Accepted Accounting Practices with the exception of smaller companies who can utilise the Financial Reporting Standard for Smaller Entities ("**FRSSE**").
        - A company qualifies to use FRSSE if, for two of its last three financial year's, it satisfies any two of the following qualifying conditions:
            - Turnover less than €8,800,000;
            - Balance sheet total less than €4,400,000; and
            - Number of employees less than 50.
        - Certain Private Limited companies are not required to have their financial statements audited by a registered auditor if they meet certain exemption criteria to include:
            - Turnover less than €8,800,000;
            - Balance sheet total less than €4,400,000; and
            - Number of employees less than 50.
    - All companies are obliged to prepare and file financial statements with the Companies Registration Office ("**CRO**") and to ensure that annual returns are made per the Companies Acts to ensure that any audit exemptions are retained.
    - Branches of foreign companies are obliged to file the Parent company accounts with the CRO within eleven months of the year end.

5. Taxation

- The Irish tax regime is pro-business and is designed to attract Companies who will; contribute tax to the exchequer, create opportunities for employment and add to the intellectual capital of the Country.

- Ireland has signed double tax treaties with seventy countries which cover; income tax, corporation tax and capital gains tax.

- As Ireland is a self- styled small open economy, there are a number of tax incentives based on;

    1. Companies
    2. Research and Development.
    3. Employees

1. Companies:

The principal advantages for a Company which is tax resident in Ireland are as follows:

- The 12.5% Corporation Tax rate applies to profits on trading income which are available to be taxed in Ireland, these include total profits wherever earned.

    - This is a significant competitive advantage for Ireland when compared to corporation tax rates in other Countries both EU and Non-EU as it allows Companies to benefit from a pro-business environment whilst maximising their global profits;
    - A Corporation Tax rate of 25% applies to non-trading income; and
    - If a Company is not tax resident in Ireland, it can only avail of the 12.5% rate for a branch tax resident in Ireland.

- New and Start-Up Companies are exempt from corporation tax if they begin trading before the 31st December, 2014 and fulfil Revenue criteria.

    - The exemption is for three years and is per the following thresholds:

Tax Liability	Permitted Relief
Less than €40,000	100%

€40,000 to €60,000	Marginal relief
Greater than €60,000	0%

- The tax relief is the lower of the Pay Related Social Insurance ("PRSI") tax payable per each employee to a maximum of €5,000 capped at €40,000 or the corporation tax liability as set out above.

- The Company residence rules relating to tax residence rules will be amended with effect from 1st January 2015 for new companies and from 2020 for existing companies. The default rule will be that all companies incorporated in Ireland will be tax resident in Ireland. The exact detail of the change will be included in the Finance Bill but it is expected that the 'trading exemption' will be removed from the incorporation test.

- The Employment and Investment Incentive ("**EII**") scheme permits Companies to raise a lifetime limit of €10,000,000 capped at €2,500,000 per annum.

  - Companies can apply for relief for permitted investments up to the 31st December, 2020. Investments in EII qualifying companies must be held for a period not less than three years.
  - Investors benefit by way of 30% tax relief in the first year and 11% thereafter once the company meets the required qualifying criteria which are linked to the number of employees and investment in Research and Development ("**R&D**").
  - A number of changes are being made to the EII regime pending approval from the EU:
    - The limit that companies can raise under the EII is being increased to €5,000,000 annually, with a lifetime cap of €15,000.000;
    - The period for which shares must be held is increasing from three to four years;
    - The list of qualifying companies which can raise funds under the EII will be extended to include medium sized companies in non-assisted areas and internationally traded financial services;
    - Hotels, guest houses and self-catering accommodation will remain eligible for relief for a further three years; and
    - The operation and management of nursing homes will be included for three years.

- Expenditure on intangible assets after the 7th May, 2009 can benefit from capital allowances once the following criteria are met:

  - Intangible assets must fulfil the definition per accounting standards;
  - Be included in the definition as applicable intangible assets per Section 291A of the Taxes Consolidation Act, 1997; and

- Intangible assets must form part of the active business of a Company and allowances are available as follows:

Years	Permitted Relief
1 to 14	7%
15	2%

- It should be noted that there is a claw back provision if the intangible assets are sold within five years of acquisition.

- Irish tax resident companies can benefit from foreign branches for the following tax treatments:

    - Foreign dividends are taxed at 12.5% where the company is resident in the EU or where Ireland has a double tax treaty arrangement once the dividend is paid out of trading profits;
    - Credit relief can be claimed for foreign tax paid by a company where a tax treaty with Ireland is not in place; and
    - Foreign branch profits can be pooled but it is limited to the available Irish tax credit in that period. Foreign tax credits can be carried forward if not eligible with reference to profits earned in Ireland.

- Companies can deduct tax depreciation on expenditure on assets which are used by the company subject to Revenue Commissioners criteria on the type of industry.

Tax Depreciation Rates

Asset	Rate %
Plant and Machinery	12.5
Industrial buildings used for manufacturing	4
Motor vehicles	12.5
IP assets	7% or Book depreciation

- There is a separate scheme which permits an '*accelerated allowance*' of 100% of the capital allowances where they relate to energy saving purposes required for trading purposes subject to Revenue Commissioners criteria and the type of industry.

- There is a standard eight year tax depreciation life on most leased assets. For leases less than eight years, assets can be written off over the shorter period for capital.

2. *Research and Development:*

- Companies benefit from expenditure on R&D as follows:

    - A tax credit of 25% is available on the first €300,000 on a volume basis which qualifies as R&D expenditure;
    - A further tax relief of 25% is available on any further R&D expenditure with reference to the fixed base year, being 2003;
    - R&D tax credits are regulated with regard to certain criteria to include where the research has taken place and if a company has benefitted from any State assistance;
    - Companies must be able to show that the R&D research is predicated on scientific and technological advancement or to resolve a scientific and technological uncertainty; and
    - Key employees can qualify for an effective income tax rate of 23% if they can demonstrate that they spend at least 50% of their time working on qualifying R&D work:
        - Employers can allocate all or part of tax credits to, '*key employees*'.
        - The following criteria must be met to be considered a key employee, the employee must:
            - Not be a director;
            - Have less than a 5% shareholding in the company; and
            - Perform 75% or more of their duties relating to R&D.

- Companies can avail of a tax depreciation deduction on capital expenditure of qualifying Intellectual Property (IP) assets.

    - The definition of IP assets includes the acquisition of or the licence to use:
        - Patents;
        - Registered designs;
        - Copyrights;
        - Goodwill applicable to qualifying assets;
        - Trademarks;
        - Brand names;
        - Domain names; and
        - Know-how.
    - The tax deduction is equivalent to the depreciation charge of the IP asset in the company accounts or a Company can choose to claim a tax deduction at a rate of 15% per annum, 2% in the final year.
    - A company can claim IP tax relief up to 80% of the trading income of the company in any one year but can carry forward deductions subject to the 80% limit.
        - It should be noted that Budget, 2015 makes the following provisions:
            - The current IP capital allowances regime in Section 291A Taxes Consolidation Act 1997 will be enhanced. The current 80% cap on the aggregate amount of allowances and related interest expense that may be claimed will be removed. Additionally, the definition of

“specified intangible assets” will be amended to ensure that allowances are available in respect of “customer lists”; and

- Ireland has committed to introducing a “*best in class*” income-based IP regime which will be introduced. A public consultation will be held in late 2014 on how this regime should be developed and legislation will be introduced in next year’s Finance Bill or as soon as EU and OECD discussions conclude on this matter.

- Qualifying assets are subject to a claw back if they are not used for a period of five years.

- Unilateral relief for foreign tax on royalties and interest:
  - Foreign tax suffered in respect of royalties (derived from certain types of intellectual property – e.g. copyrights, patents, and trademarks) which cannot be used to reduce the income because there is insufficient income to do so, can be used to reduce other foreign source royalty income which is taxed as trading income; and
  - Where royalties of the type described above or interest income are received in the course of a trade, the amount of income from those royalties or interest may be reduced by the amount of foreign tax borne on the royalties or interest.

- The Finance Bill 2014 will provide for the R&D tax credit ‘*base year*’’ restriction to be fully phased out. Revenue will also publish new guidelines to enhance clarity on the administration of the R&D tax credit.

3. *Employees:*

- An individual’s personal taxes in Ireland can be minimised as follows:

  - The Foreign Earning Deduction (“**FED**”) incentivises Irish based employees to work outside Ireland if required by Irish tax resident Companies;
    - The FED is available for employees and is aimed at assisting companies who are expanding into qualifying countries; Brazil, Russia, India, China and South Africa;
      - An employee must work at least sixty days over a twelve month period in a qualifying country and trips must be for at least 10 days duration to benefit from the tax deduction;
      - Employees can benefit by a deduction of up to €35,000 with a maximum tax saving of €14,350; and
      - A number of changes to the FED have been announced and are pending confirmation of an implementation date:

- The scheme has been extended until the end of 2017;
- The list of qualifying countries will be extended to include Mexico, Chile and certain countries in the Middle East and Asia;
- The number of qualifying days which must be spent abroad is being reduced from 60 days to 40 days; and
- The minimum stay in a country is now reduced to three days and travel days can be included when calculating the days spent abroad.

- The Special Assignment Relief Programme ("**SARP**") is an incentive for individuals coming to work in Ireland for the first time and applies for employees who come to Ireland between 1st January 2012 and 31st December, 2014 and who are in employment for a minimum of 12 months:
  - Employees can benefit from an income tax deduction of 30% for earnings greater than €75,000 up to a maximum of €500,000;
  - The relief applies to both Irish domiciled and non-Irish domiciled employees;
  - The employer must be incorporated and tax resident in Ireland or a country where Ireland has a double tax treaty or a tax information exchange agreement;
    - The relief does not extend to the Universal Social Charge ("**USC**") or Pay Related Social Insurance ("**PRSI**").
  - It should be noted that the FED relief will not apply if the SARP is being claimed or the R&D reliefs; and
  - SARP is being extended for a further 3 years until the end of 2017 and the upper salary threshold (currently €500,000) is being removed. The residency requirements are being amended and the restriction on working abroad is also being removed. The requirement for the individual to have been employed abroad by the employer is being reduced from 12 to 6 months. Further details of the changes are expected to be provided in the Finance Bill.

- An individual is deemed to be domiciled in Ireland if they spend more than 183 days in Ireland in a tax year or spend greater than 280 days in Ireland over a two year period.
  - An individual who is in Ireland at any time of the day is counted as part of the residency criteria.

- General Tax System
  - The following are a summary of applicable personal taxes:
    - Standard rates and thresholds for Universal Social Charge:

Amount - Threshold	Rate
Income up to €12,012.00	1.50%
Income from €12,012.01 to €17,576.00	3.50%
Income from €17,576.01 to €70,044.00	7%
Income above €70,044.00	8%

- General Income Tax Rates and Tax Bands:

Personal Circumstances	2015
Single, Widowed or a Surviving Civil Partner without qualifying children	€33,800 @ 20%, Balance @ 40%
Single, Widowed or a Surviving Civil Partner qualifying for Single Person Child Carer Credit	€37,800 @ 20%, Balance @ 40%
Married or in a Civil Partnership - one Spouse or Civil Partner with income	€42,800 @ 20%, Balance @ 40%
Married or in a Civil Partnership - both Spouses or Civil Partners with income	€42,800 @ 20% (with an increase of €24,800 max), Balance @ 40%

- Deposit Interest Retention Tax ("**DIRT**"):
  - The current applicable rate is 41% in respect of interest paid on all deposits. This rate also applies to the exit tax rate on life assurance policies and investment funds.
  - Relief is available from DIRT if the funds are used by a first time buyer to purchase a house or apartment.

- It should be noted that there are a number of Personal Tax Credits available to all tax payers dependant on their individual circumstances. Full details of the tax regime in Ireland can be attained from the Revenue Commissioners, www.revenue.ie or we can be contacted directly for any queries.

- Ireland operates a Value Added Tax ("**VAT**") system similar to other European countries.
  - It is the responsibility of a taxable person to account for VAT on outputs, credits are permitted for any VAT liable inputs;
  - Exports to unregistered VAT persons in the EU are zero rated; and
  - Taxable persons are obliged to register with the Revenue Commissioners subject to various thresholds.

- The Relevant Contracts Tax ("**RCT**") allows a tax credit to be claimed by a principal contractor and sub-contractor who operate in defined sectors of the economy, namely; construction, forestry and meat processing industries.
  - The applicable rates are as follows:
    - 0% rate for sub-contractors who satisfy Revenue criteria;
    - 20% for all others who do not meet the criteria for 0% but satisfy other Revenue criteria; and
    - 35% rate for all others who are not registered with Revenue or are deemed to have deficient risk and compliance controls.

  - A reverse charge places the onus for VAT where principal contractors and subcontractors are involved. The principal contractor will now have to account for the VAT on construction services, previously accounted for by the subcontractor.

- The transfer of property attracts the following Stamp Duty rates:

Residential Property	**Rate %**
Up to €1,000,000	1
Greater than €1,000,000	2

Non- Residential Property	**Rate %**
All values	2

- Stamp Duty is also payable on certain legal instruments:

Asset Type	**Rate %**
Transfers of Stocks and Shares less greater than €1,000	1
Shares issued	0
Premiums on leases of land, houses and other real property.	1-2
Average annual rent reserved by a lease (Applicable rate dependant on length of lease)	1-12

- A Capital Gains Tax ("**CGT**") is charged on gains made by both individuals and other entities and is based on the difference between the original cost of an asset and the price on disposal of same:

    - The current rate is 33% and applies to the disposal of any assets whether they are domiciled in Ireland or elsewhere;
    - A special incentive CGT measure is being introduced for property purchased between midnight on 6 December 2011 and the end of 2014. If a property is bought during this period and held for at least seven years, the capital gain relating to that seven-year holding period will be fully relieved from capital gains tax;
    - Irish resident Companies are exempt from capital gains tax where disposals are made from qualifying shareholders of at least 5% in subsidiary companies who are tax resident in an EU or treaty country;
    - For group companies, holdings of other members of the group are taken into account to comply with the minimum holding requirements;
        - Tax credits from foreign dividends may be offset against the corporation tax on other foreign dividend income;
        - Tax credits may be carried forward indefinitely and offset against corporation tax on dividends in future accounting periods; and
        - Foreign tax credits earned by a foreign branch can be offset against Irish tax from branch profits in other countries, unused tax credits can be carried forward indefinitely.
    - Foreign dividends paid out of trading profits are subject to a 12.5% corporation tax rate where the Company meets required criteria;and
    - Capital Gains Tax – 7 Year Relief

        - If a property which is acquired in the qualifying period is held for more than 7 years, the gains attributed to that 7 year period will not be subject to CGT. The qualifying period ends on 31 December 2014 and the Minister for Finance previously confirmed that the relief will not be extended;
        - Revenue have confirmed that the standard CGT rule applies to determine when an asset is acquired for the purposes of this relief. Where an asset is acquired by unconditional contract S. 542 TCA 97 provides that the acquisition occurs when the contract is made, and if the contract is conditional it occurs when the condition is satisfied;
        - It is not necessary to close a sale before 31 December 2014 to qualify for the 7-year relief. It is sufficient to have an unconditional contract signed or to sign a conditional contract if the conditions are satisfied by 31 December 2014; and.
        - If capital gains have been made in the period from 1st January 2014 to 30th November 2014, CGT it was due for payment by 15th December 2014. If any capital gains arise in December 2014, the CGT is due to be paid by the 31st January 2015.

- Capital Acquisitions Tax ("**CAT**") is applied to gifts and inheritances and is subject to limits, exemptions and reliefs based on the relationship of the donor and the done.

- Property owners are liable to a Local Property Tax ("**LPT**") based on the self-assessed value of their property.

6. Labour Force, Education and Incentives available to Employers

- It is generally accepted that the labour force in Ireland is both highly skilled and well educated which allows Companies to have confidence that employees have the necessary skills to allow their business to grow.

- Presently, over 33% of the population are under 25 years of age with the majority continuing onto further education once they complete their primary education.

- The Education system focuses on key areas such as; science, maths and languages to ensure that employees have skills which employers require as part of a global market.

- The majority of EU and Swiss Nationals are permitted to work in Ireland without the need for a work permit.

- The Industrial Development Authority ("**IDA**") offers incentives to Companies to set up in Ireland which includes; setting up, recruitment and training of employees:

  - Capital grants are provided based on a review of the business operations and contribute to the cost of fixed assets to include rental of premises;
  - Employee grants are provided per jobs created and would be more relevant for companies who do not have significant fixed asset costs;
  - Training grants are provided to assist in the upskilling of employees for what is termed new industries and are funded upon agreement between the company and the IDA;
  - The IDA will also provide R&D grants once it falls into the following categories and satisfies the IDA criteria:
    - Research into new and improved products and processes;
    - Feasibility studies regarding new products and markets; and
    - Technology acquisition to improve production efficiencies.

  - The process to request funding is by way of submission of a formal business plan to the IDA with the key determinants for the IDA being the commercial viability of the business and employment opportunities.

- The Government have set up schemes such as '*JobsPlus*' which provides funding to Companies who take on individuals who are currently unemployed and on the live register.

  - These schemes involve a direct payment to the Company dependant on the length of time the individual has been unemployed.

7. Regulatory Environment

- Further to the tax advantages as set out at '*5. Taxation*' above, the Irish regulatory environment is aimed at encouraging companies to set up in Ireland and to grow their businesses within the jurisdiction with minimum and unnecessary regulations.

- The current environment is pro-business and it does not impose onerous restrictions or conditions on foreign individuals or companies setting up or acquiring business interests in Ireland.

- The recently enacted Competition and Consumer Protection Act, 2014 has eased the requirement for undertakings which place Ireland at the nexus of any decisions made regarding mergers in Ireland once approval has been confirmed by the Competition and Consumer Protection Commission (the "**CCPC**"):

  - Competition law is designed to protect competition and consumers by prohibiting anti-competitive business practices. The legislation sets out the basic competition rules which gives the CCPC power to investigate reaches of the law and, where necessary, to bring court actions. The legislation is designed to protect consumers by preventing competing firms from coming together to fix prices, limit output, divide business between them, or to make other anti-competitive arrangements that provide no benefit to consumers and to prevent firms in a dominant position from abusing that position; and
  - Competition is closely regulated to ensure that there is an open market based on fairness and to ensure that undertakings to not abuse their position.

- There are no restrictions on currency exchange or the importation of capital.

- 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 prudential supervision. EU and international regulatory developments are also impacting on the industry.

- 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.

- 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.

- 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.

8. Financial Services

- Banks:

  - The applicable corporation tax rate for Irish resident Banking companies is 12.5%. There is a higher rate of 25% which applies to passive income; and
  - Ireland has a very open and progressive system which allows Financial Services companies to avail of tax benefits for:
    - Funding costs;
    - Withholding tax;
    - Non-resident employees working in Ireland; and
    - Stamp duty.

- Insurance Companies:

    - Insurance companies also benefit from a corporation tax rate of 12.5% and can also avail of investment returns for non-Irish resident policyholders accruing on a tax free basis.

- Asset Management:

  - Companies are subject to a corporation tax rate of 12.5% on their trading profits.

  - Irish domiciled funds are exempt from Irish tax on their income and gains.

  - There is a withholding tax of 41% on distributions and gains which applies to taxable Irish investors.

  - Non Irish and exempt Irish investors are not subject to withholding tax on distributions and gains once appropriate declarations have been made.

  - Irish funds are not subject to withholding taxes where it applies to dividends and interest received from Irish equity and bond investments.

  - Irish funds are not subject to stamp duty unless it relates to an in specie transfer of Irish assets.

  - In a recent survey by the Economist Intelligence Unit of 200 global asset managers, 71% placed Ireland as their domicile of preference.

- Umbrella offshore funds:

  - The same tax treatment relating to the exchange of units in an Irish investment undertaking applies with that of an equivalent 'good' offshore fund.

- Islamic Financing:

  - Ireland has a number of double taxation agreements with Islamic states to include; Saudi Arabia, Bahrain, United Arab Emirates and Kuwait.

  - Investment in Sharia compliant investment vehicles is primarily achieved by way of utilising the Undertaking for Collective Investments in Transferable Securities (UCITS) structure within the Ireland Financial Services Centre.

- Enterprise Securities Market:

  - The Enterprise Securities Market (ESM) is a market for securities of smaller growth companies.

  - There are specific rules for compliance for trading on the ESM to include;
    - Appointing an ESM adviser; and
    - Complying with the application and ongoing reporting requirements.

  - There is an exemption form the stamp duty rate of 1% on transfers of shares.

- Real Estate Investment Trusts:

  - Real Estate Investment Trusts (REIT's) are a globally recognised standard for investment in rental property and must meet the following criteria:
    - The company must be resident and incorporated in Ireland.

    and

    - It must be listed on a recognised stock exchange in any EU member state.

  - There is a 2% stamp duty charge on property transfers into an Irish REIT.

  - REIT's are exempt from tax on rental income and on any capital gains from disposing of property.

  - Distributions to shareholders out of a REIT are subject to a withholding tax rate of 20% and individuals and corporates will be taxed at their prevailing tax rates if they are Irish resident individuals or entities. Non-Irish resident shareholders can further benefit if there is a double tax treaty in place. Pension funds are deemed exempt from withholding tax.

  - Non-resident shareholders can benefit from having no capital gains liability. Capital gains do not have to be distributed and can be retained and reinvested as part of the share price, the only tax liability being the 1% stamp duty for disposal of shares.

9. Importing and Exporting to/from Ireland

- The physical topography of Ireland allows access for physical goods by sea and ari. The internal transport network ensures that goods can be easily transported throughout the country by; road, rail, boats and planes with corresponding access to the UK and EU by sea and air.

- As Ireland is part of the EU, Ireland adheres to the free movement of goods and services for imports and exports as set out in the Treaty of Lisbon.

- Imports from outside the EU area coming into Ireland may require approval from the Licensing Unit of the Department of Enterprise, Trade and Employment to ensure that EU protocols are adhered to.

- The main controls regarding exports from Ireland relate to any products which have a direct or indirect use for the arms industry with special regard to the country of destination.

- As Ireland is part of the Single European Market, there are no border controls or customs duties between member countries.
  - Goods imported from outside the EU may be liable to custom duties at the appropriate rate dependant on any agreements between the EU and the countries in question; and
  - Excise taxes on goods imported into Ireland maybe charged by the Government which are differentiated from custom duties as they are built into the price of the product. Examples would be; beer, spirits and tobacco.

10. Revenue Powers

- Taxes and Consolidation Act, 1997:
    - The Revenue Commissioners have numerous powers as set out in the Taxes and Consolidation Act, 1997, a selection of key powers are set out below:
        - Section 886 places an obligation on tax payers to maintain books and records relating to their tax status which are to be retained for six years;
        - Section 900 obliges a tax payer to produce record and documents within a twenty one day period;
        - Section 905 allows a Revenue inspector to enter a business premises and to search and remove any records once it does nor attach any client confidentiality or privilege;
        - Section 908 allows the Revenue Commissioners apply to the Courts for an order freezing assets; and
        - Section 910 allows data to be shared across Government departments.
    - Section 1084 of the Act allows the Revenue Commissioners to accrue a surcharge for late returns:
        - Maximum of 5% capped at €12,695 if returns are filed within two months; and
        - Maximum of 10% capped at €63,485 if returns are filed after two months.

  - Section 1080 of the Act allows the Revenue Commissioners to accrue interest:
    - 0.0219% per day for unpaid direct taxes.

- Consolidated VAT Acts 1972 – 2010:
  - Section 18 permits a Revenue inspector to enter a premises where they believe a business is being carried and to request books and records to be produced with the exception of documents which attach confidentiality or privilege.

- Steps to take for a Revenue Commissioners inspection:

  - Advise the Revenue Commissioners that you wish to seek legal advice prior to the search being undertaken. The Revenue Commissioners have discretion to allow access to legal advice prior to a search being undertaken.

  - Verify the identity of all officials present and request proof that they have the requisite power to carry out a search.

  - Request written confirmation of the legal basis of the visit. If the search is by way of warrant, request a copy of the warrant and the relevant legislation and ensure that the warrant is valid.
    - The revenue can only enter a 'dwelling house' on foot of a valid warrant per Article 40.5 of the constitution which protects the inviolability of the dwelling of a citizen.

    - Seek confirmation if the search is connected to criminal activity as any statements made can be used in future proceedings.
    - If the search is limited to named or specified individuals or entities, ensure that access is confined to those named by the Revenue Commissioners.
    - Make copies of all records removed and request a written receipt from the Revenue before they leave the premises.

11. Useful contacts

IDA Ireland

www.idaireland.com I daireland@ida.ie +353 (0)1 603 4000

Shannon Development

www.shannonireland.com marketing@shannonireland.com +353 (0)61 361555

Department of Enterprise Trade and Employment

www.entemp.ie info@entemp.ie +353 (0)1 631 2121

Business Access to State Information & Services (BASIS)

www.basis.ie basis@entemp.ie +353 (0)1 631 2787

Enterprise Ireland

www.enterprise-ireland.com client.service@enterprise-ireland.com +353 (0)1 808 2000

Companies Registration Office (CRO)

www.cro.ie info@cro.ie +353 (0)1 804 5200

Irish Patents Office

www.patentsoffice.ie patlib@entemp.ie +353 (0)1 631 2603

Department of Foreign Affairs

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

Irish Revenue Commissioners

www.revenue.ie

Business Directory

www.goldenpages.ie

Estate Agents:

www.myhome.ie

www.propertypartners.ie

www.lisney.ie

www.daft.ie

www.wyse.ie