UHY

DOING BUSINESS

IN IRELAND

The network for doing business

CONTENTS

1 – INTRODUCTION

UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in over 100 countries throughout the world.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in Ireland has been provided by the office of UHY representatives:

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A detailed firm profile for UHY's representation in Ireland can be found in section 8.

Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at August 2021.

We look forward to helping you do business in Ireland.

2 – BUSINESS ENVIRONMENT

Ireland is one of the most favoured locations for investment in Europe.

The rapid pace of development and industrialisation in recent decades has been due, in large measure, to policies designed to make Ireland an attractive location for overseas investment.

According to IDA Ireland, Ireland's performance as a hub for Foreign Direct Investment is unrivalled. Their research shows Ireland is:

- The best country in Western Europe to invest in
- 1st for flexibility and adaptability of people
- 1st in the world for inward investment by quality and value
- 1st in the world for investment incentives
- In the Top 15 most innovative countries in the world

The success of Ireland as an investment location has been founded on the positive approach of successive Irish governments to the development of businesses. This approach has ensured a favourable tax environment, competitive operating costs, a productive and flexible workforce and a well-developed infrastructure with world-class support services.

Through focused initiatives, the government has also ensured that Ireland is at the forefront of e-commerce development in Europe.

Ireland is recognised as having a stable economy that continues to enjoy record levels of output growth. The country is renowned for its excellent quality of life, its clean environment and its open and supportive attitude to inward investors.

Ireland is now positioning itself to become a world leader in new technology markets including the Internet of Things, Big Data and Cloud Computing.

Source: IDA Ireland

COUNTRY BACKGROUND

GEOGRAPHY

Ireland is situated in the north-west of Europe and is approximately 20km from Great Britain (at its nearest point). The total area of the island is 84,421 square kilometres, of which Northern Ireland (politically part of the United Kingdom) comprises 14,139 square kilometres, with the remainder constituting the independent parliamentary democracy of Ireland.

The climate is relatively mild and temperatures are uniform throughout the country. The coldest months are January and February with average daily temperatures between 4–7°C, while July and August are the warmest months (at 14–16°C).

DEMOGRAPHIC DATA

Ireland has a population of approximately 4.98 million with the greatest concentration on the east and south coasts. Overall population density is 70 people per square kilometre, which is markedly lower than the European average.

Ireland has the youngest population in Europe with one third under 25 years of age and almost half the population under the age of 34.

Ireland's population is forecast to increase by almost one million people to 5.75 million by 2040.

Source: CSO, IDA Ireland

THE ECONOMY

ECONOMIC DATA

- Ireland is a stable, competitive, secure and pro-business country.
- Ireland is a committed member of the EU Single Market and the Eurozone.
- Ireland has a highly skilled, educated, young and multicultural population

Ideas and knowledge have transformed business and industry and have been crucial in the development of the Irish economy. The Irish government's economic policies are directed towards the creation of a stable economic environment that is supportive of the needs of business.

The forces of growth are firmly rooted in Ireland's economy, through favourable demographics, increasing investment in education and a high rate of technology-oriented investment.

INTERNATIONAL TRADE

Because of its small size, the Irish economy is highly dependent on foreign trade. Exports remain the primary engine for Ireland's robust growth and the country has achieved the third highest trade surplus in the European Union (EU).

Ireland's exports grew by 5% year on year from 2019 to 2020. Overseas companies continue to be significant exporters from Ireland, with IDA clients accounting for 67% of national exports. The country's main markets are the EU and the USA, and the main exporting sectors are:

- Pharmaceuticals & Chemicals
- Computer Services
- Business Services
- Financial Services & Insurance
- Food & Beverages
- Medical Devices

Source: IDA Ireland

GOVERNMENT SYSTEM

Ireland is a parliamentary democracy.

The basic law of the country is contained in the constitution of Ireland, adopted in 1937 and amended on several occasions since then by public referendum. The constitution sets out the fundamental rights of citizens, the form of government and the powers of the government. It also defines the system of courts and regulates the appointment of the judiciary.

The Oireachtas (National Parliament) consists of the President and two houses: Dáil Éireann (the House of Representatives) and Seanad Éireann (the Senate). The President is head of state only and does not have executive functions. Executive power is exercised by the Taoiseach (Head of Government / Prime Minister) and the cabinet, while the power of making laws rests with the Oireachtas.

Ireland has been a member of the EU since 1973 and is a member of most major international organisations, though the country retains a neutral stance on military matters.

LEGAL SYSTEM

Irish law is based on common law as modified by subsequent legislation and by the Constitution of Ireland.

In accordance with the Constitution, justice is administered in public, in courts established by law. The President, on the advice of the government, appoints judges. Judges are guaranteed independence in the exercise of their functions and can only be removed from office by a resolution of both houses of parliament. All courts are governed by the jury system, except for the Special Criminal Court, the Supreme Court and the District Court, where decisions are made by judges.

3 – FOREIGN INVESTMENT

Ireland is ranked thirteenth in the IMD World Competitiveness Ranking, eighth in Europe.

Ireland is also ranked the sixth place in Europe to do business and the eleventh best in the world (Forbes 2018).

Until the 1950s, Ireland was largely an agricultural economy with the industrial sector confined to indigenous industries serving the home market. Ireland's industrial breakthrough has its roots in decisions taken in the mid-1950s to achieve economic expansion by stimulating export-based industries. Successive governments have fostered these policies and have placed a significant emphasis on encouraging inward investment.

INVESTMENT AREAS

SUCCESSFUL SECTORS

Promotional agencies have selectively targeted certain areas of industry, in particular those which produce sophisticated and high-value products and services. These also offer the best growth potential and the best prospects for generating long-term sustainable employment in Ireland. The targeted sectors are:

- Chemicals and pharmaceuticals
- E-commerce
- Information and communications technology (ICT)
- Software
- Internationally traded services, including financial services, call centres and shared services centres
- Medical devices.

Ireland has in the past and continues to attract well-known global companies as well as emerging companies from a range of sectors. Ireland is home to many of the world's leading companies including Intel, Citi, Pfizer and many more. According to Ireland's inward investment promotion agency, the Industrial Development Agency (IDA), Ireland has:

- All of the top 5 global software companies
- 14 of the top 15 medical tech companies
- All of the World's top 10 pharma companies
- 8 of the top 10 industrial automation companies
- 18 of the World's Top 25 Financial Services Companies

Ireland is committed to a light, flexible, user and enterprise friendly e-commerce regime. It adopts a technology neutral approach in its legislation and regulation. This has resulted in a significant number of indigenous and international companies choosing Ireland as their base for e-commerce operations.

The ICT sector has also shown remarkable growth in recent years. Ireland has become the global technology hub of choice when it comes to attracting the strategic business activities of ICT companies. This has earned Ireland the reputation for being the heart of ICT in Europe. The industry employs over 37,000 people and generates €35 billion in exports annually.

Dublin is the main centre of Ireland's Financial Services sector, where activity is focused around the Irish Financial Services Centre (IFSC). Established in 1987 by the Irish Government, the IFSC houses some of the world's premier Financial Services institutions. A sophisticated support network including accountancy, legal, actuarial, taxation, regulatory and telecommunications has grown up around it.

The IFSC is an integrated development offering world-class office accommodation, executive housing and restaurants, plus excellent shopping facilities. The development has expanded beyond its original site and has become a vital part of the wider Irish economy.

The National College of Ireland is located in the IFSC providing further education on-site to the financial professionals who work there.

INFRASTRUCTURE

The success of Ireland as an investment location has been founded on the consistently positive approach of Irish governments to the development of businesses.

Ireland will invest €116 billion in public infrastructure and capital works under the National Development Plan 2018-2027.

According to IDA Ireland, over the past twenty years the Irish Government has implemented successive programmes of infrastructure development and investment. This has helped modernise traditional areas and create new sectors around Ireland's abundant natural energy capabilities to support Ireland's economic progress well into the future.

Ireland has four International Airports - Dublin, Shannon, Cork and Belfast and five regional airports and is well serviced by international and regional flights. Ireland has extensive transport links to Europe and the rest of the world.. Ireland enjoys extensive air connectivity with Asia, Europe and North America through a network of international airports located across the country. With flights to almost 200 destinations in 43 countries, Dublin Airport offers excellent air connectivity options. Cork Airport offers more than 50 routes, while Shannon Airport serves over 31 destinations. In addition, the only US Pre-Clearance facilities in Europe are located at Dublin and Shannon Airports, offering a key advantage for transatlantic travel. Agreement to expand these facilities was reached in 2019.

Ireland offers advanced telecommunications solutions to business and as a result has emerged as a key international hub for ICT and data centre development. Telecommunications services are provided by a large number of commercial service providers operating within an open and competitive market. Both Government and the private sector are currently advancing ambitious investment plans to further reinforce Ireland's place as a leader in the telecoms and ICT sectors.

Source: IDA Ireland

CURRENCY

The euro is the currency of Ireland and of the 18 other Eurozone countries.

Ireland is one of the 12 countries who were founding members of the Eurozone. The euro has greatly benefited trade in Ireland as it facilitates ease in importing and exporting goods from and to other Eurozone countries without the risk of changing currency exchange rates.

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. Irish businesses are free to open bank accounts in any location outside of Ireland. Inward investors must, of course, have regard to exchange control regulations in their home countries.

BANKING

Ireland has a well-developed and highly sophisticated banking infrastructure that has experience in handling the requirements of overseas companies.

There are a wide variety of banks operating in Ireland, both domestic and foreign, and many other credit institutions. The banking sector is licensed and regulated by the Central Bank of Ireland.

Irish licensed banks can be classified into three main categories:

- Clearing banks
- Merchant and commercial banks
- Industrial banks.

These banks provide businesses with the services they require to trade domestically and internationally, such as:

- Checking and clearing account services
- Treasury and international services
- Lending
- Capital market activities.

E-COMMERCE

In developing Ireland as a significant hub for e-business, the availability of almost unlimited connectivity to the rest of the world was a key objective.

The arrival in Ireland of two of the world's largest internet service providers, Global Crossing and 360 Networks has helped to meet this objective. City-to-city connectivity to all the leading industrial centres provides a universally accessible, highly resilient and competitively priced service across the globe.

Ireland has one of the most advanced and competitive telecommunications infrastructures in Europe. The telecommunications market is fully de-regulated and numerous companies have entered the market. Large investments in recent years have resulted in state-of-the-art optical networks with world-class national and international connectivity (IDA Ireland).

US companies such as Google, eBay, PayPal, Yahoo and Amazon all have established operations in Ireland.

The Irish government has adopted a policy aimed at ensuring confidence in the legal validity of e-commerce transactions and electronic signatures. Ireland was one of the first EU member states to implement the Electronic Signatures Directive through the Electronic Commerce Act 2000 (ECA). Ireland has also implemented the Electronic Commerce Directive. The Electronic Commerce Act legislation creates an equivalence of treatment under Irish law between electronic documents and their paper-based counterparts e.g. for contracts, written signatures and seals. Ireland has now put in place a clear, flexible and user-friendly piece of e-commerce legislation.

AVAILABILITY OF INDUSTRIAL FACILITIES AND OFFICES

Various options are available in the selection of factory and office sites for companies wishing to invest in Ireland.

IDA Ireland, the primary government agency for the promotion of inward investment, owns industrial parks with purpose-built factories which are ideal for new projects where promoters do not wish to construct their own premises. IDA Ireland also offers green-field sites where promoters can erect custom-built factories. It is usual for these sites to come fully serviced with outline planning permission for industrial usage.

There are also privately-owned industrial parks run by commercial developers, which offer both factory and office sites. These premises are pre-built and tend to be ideal rental options for inward investors. Office space is available in the major cities and towns throughout Ireland to cater for both large and small-scale operations.

Ireland is a long-standing and committed member of the EU and offers investors ready access to a market of more than 456 million people, one of the largest markets in the world. Notwithstanding Ireland’s geographical location on the western edge of Europe, the well-developed infrastructure combined with competitive operating costs, low corporate taxes and financial incentives make Ireland one of the most profitable locations in Europe for overseas investors.

INCENTIVES FOR INWARD INVESTMENT

STATE FINANCIAL SUPPORT

Incentives available to inward investors in Ireland consist of tax incentives and financial assistance.

The major tax incentives are described in Section 6.

State financial assistance, usually in the form of grants which are non-repayable, is administered by government agencies: Enterprise Ireland – www.enterpriseireland.com, or IDA – www.idaireland.com. Each of these government agencies (see further details below) has their own area of particular interest. The availability and level of grant assistance is largely dictated by the geographical location of the project within Ireland. It is only in exceptional circumstances that grant assistance is available in the Dublin area, whereas the highest levels of grant are available in the border regions with Northern Ireland, the midlands and western regions of Ireland. Other determinants of the availability and level of assistance are the activities to be carried out in Ireland and the skill level of the people to be employed.

The types of grants available are:
- Capital grants
- Employment grants
- Training grants
- Research and development (R&D) grants.

INTERNATIONAL DEVELOPMENT AGENCY (IDA) IRELAND

IDA Ireland, Ireland's inward investment promotion agency, is a non-commercial, semi-state body promoting Foreign Direct Investment into Ireland through a wide range of services. IDA Ireland partner with potential and existing investors to help them establish or expand their operations in Ireland.

DRIVING RECOVERY AND SUSTAINABLE GROWTH 2021-2024

The global environment in which Ireland competes for foreign direct investment is constantly changing. Ireland’s historic success in winning a far higher share of FDI than warranted by the size of our population and economy reflects the ability of Government, stakeholders and citizens to adapt and capitalise on the opportunities that arose as business models shifted and new growth areas emerged. The forthcoming period will once again be characterised by change and evolution in the global FDI environment, but at an accelerated pace and set against an exceptionally challenging economic backdrop as a result of the Covid-19 pandemic. IDA’s Driving Recovery and Sustainable Growth strategy is intended to position the Agency to respond to this changed environment

ENTERPRISE IRELAND

Enterprise Ireland is the government organisation responsible for the development and growth of Irish enterprises in world markets. They work in partnership with Irish enterprises to help them start, grow, innovate and win export sales in global markets. In this way, we support sustainable economic growth, regional development and secure employment.

Ireland is home to many of the world’s leading high-performance companies including Intel, Twitter, Pfizer, Citi, Huawei, Takeda, Fujitsu, Novartis and Trend Micro. The country is also positioning itself to become a world leader in the Internet of Things, Big Data, ICT Skills, Energy Efficiency, Health Innovation and Cloud Computing.

HEADQUARTER OPERATIONS

While production and manufacturing industries will continue to be the backbone of the Irish economy well into the future, IDA is also promoting Ireland as a location for a range of headquarter functions and sectors.

A shift away from an industrialised economy to a knowledge-based economy has resulted in a change in requirements for centralised functions.

The centralised and administration functions (such as finance, strategy, marketing and human resources) of a firm are no longer necessarily located with the manufacturing site. Activities previously considered as cost centres are being converted to profit and wealth generation centres.

HEADQUARTER ACTIVITIES

Activities which are relevant for headquarter functions today include:

- Research and development
- Sales and marketing
- Intellectual property management
- Supply chain management
- Shared services/contact centres
- Digital media.

WHY IRELAND FOR HEADQUARTER ACTIVITIES?

IDA is promoting Ireland as an ideal location for headquarter activities, since the country offers:

- A pro-business environment
- Political stability
- A transparent tax regime
- A workforce with knowledge-intensive skills
- Excellent telecommunications infrastructure.

INTELLECTUAL PROPERTY LICENSING

INDUSTRY PROFILE

Intellectual property (IP) is often a company's most valuable asset. For companies which license out their IP to third parties, Ireland is an ideal location to centralise a licensing centre and optimise their international structure from both business and tax perspectives.

IP is a high value component of businesses and the skills related to licensing and management of intellectual property are readily available in Ireland. Ireland offers opportunities for companies to implement business practices and systems which manage, protect and extract full value from their intellectual assets to strengthen their competitiveness and enhance shareholder value.

Ireland's robust legal system and sophisticated infrastructure make it an ideal location for the exploitation and protection of intellectual property.

IRELAND AS A LOCATION FOR IP LICENSING

A company licensing its IP out of Ireland qualifies for a 12.5 % rate of corporate tax, providing there is relevant substance, management and control in the Irish operation and the royalty income relates to Irish activity.

The type of skills and activity associated with any given IP project will vary. In order to qualify as a trading company with the Irish Revenue Authorities, an Irish company will need to carry out a number of the following activities:

- Development of intellectual property
- Legal protection and contracts
- Financial management and taxation
- Administration and billing
- Trademark/brand enhancement
- Marketing and promotion
- Licensing
- Business development.

RESEARCH AND DEVELOPMENT IN IRELAND

Research and development (R&D) in Ireland has expanded dramatically in recent years reflecting the Irish government's massive injection of funding into the sector.

THE NATIONAL PLANNING FRAMEWORK

The Department of Housing Planning and Local Government, on behalf of the Government, has prepared and published the finalised National Planning Framework under Project Ireland 2040, the overarching policy and planning framework for the social, economic and cultural development of our country.

Further information on Project Ireland 2040 can be found at www.gov.ie/2040.

The National Planning Framework Vision
The vision set out under this Framework is based on a set of values that will ensure Ireland's long term economic, environmental and social progress for all parts of our country. In framing a new way forward, the National Planning Framework draws upon lessons learned from the National Spatial Strategy and highlights a vision of success based on better choices compared to a 'business as usual' approach.

Objectives of the National Planning FrameworkThe ultimate objectives of the NPF are to:

- Guide the future development of Ireland, taking into account a projected 1 million increase in our population, the need to create 660,000 additional jobs to achieve full employment and a need for 550,000 more homes by 2040;
- Of the 1 million extra people,
    - 25% is planned for Dublin, recognised as our key international and global city of scale and principal economic driver,

  - 25% across the other four cities combined (Cork, Limerick, Galway and Waterford), enabling all four to grow their population and jobs by 50-60%, and become cities of greater scale, i.e. growing by twice as much as they did over the previous 25 years to 2016, and
  - with the remaining 50% of growth to occur in key regional centres, towns, villages and rural areas, to be determined in the forthcoming regional plans – Regional Spatial and Economic Strategies (RSESs).
- Enable people to live closer to where they work, moving away from the current unsustainable trends of increased commuting;
- Regenerate rural Ireland by promoting environmentally sustainable growth patterns;
- Plan for and implement a better distribution of regional growth, in terms of jobs and prosperity;
- Transform settlements of all sizes through imaginative urban regeneration and bring life / jobs back into cities, towns and villages;
- Co-ordinate delivery of infrastructure and services in tandem with growth, through joined-up NPF/National Investment Plan and consistent sectoral plans, which will help to manage this growth and tackle congestion and quality of life issues in Dublin and elsewhere

IDA Ireland's strategy, Winning: Foreign Direct Investment 2015-2019 was developed in the context of the Department of Jobs Enterprise and Innovation's (DJEI) policy statement on FDI and with extensive input from clients, stakeholders, the IDA Board, management and team members. As part of this process an analysis of existing markets, sectors and new areas of potential was undertaken, as well as a thorough examination of Ireland's value proposition for Foreign Direct Investment (FDI). The resulting recommendations were further developed and refined by the Executive Leadership team and Board, and stress tested with existing and potential clients and stakeholders as part of a focused programme of engagement.

DRIVING RECOVERY AND SUSTAINABLE GROWTH 2021-2024

The global environment in which Ireland competes for foreign direct investment is constantly changing. Ireland's historic success in winning a far higher share of FDI than warranted by the size of our population and economy reflects the ability of Government, stakeholders and citizens to adapt and capitalise on the opportunities that arose as business models shifted and new growth areas emerged. The forthcoming period will once again be characterised by change and evolution in the global FDI environment, but at an accelerated pace and set against an exceptionally challenging economic backdrop as a result of the Covid-19 pandemic. IDA's Driving Recovery and Sustainable Growth strategy is intended to position the Agency to respond to this changed environment

IDA Ireland launches its new strategy for the period 2021-2024 at a time of unprecedented uncertainty and accelerating change. In Ireland and in our key source markets for investment the Covid-19 economic shock continues to reverberate with elevated levels of unemployment and lasting disruption in some sectors.

IDA's ambition is to capitalise on opportunities to provide MNCs with solutions to the challenges they face in this difficult global environment. The ambition of this strategy is framed through five interlinked pillars of Growth, Transformation, Regions, Sustainability and Impact.

At present, Ireland is now home to over 1,200 overseas company operations that directly employ well over 200,000 people. The country continues to attract businesses from sectors such as ICT, life sciences, financial services, engineering and business services. Many of these companies undertake strategic activities here such as advanced manufacturing and research and development. Ireland's success when it comes to FDI is partly reflected by the number of the world's leading companies who have established operations in the jurisdiction (9 of the 10 top global companies in each of the software, pharma, and ICT sectors).

The Government works hard to maintain the country's attractiveness to FDI in the face of ever-increasing global competition. Nurturing the talented workforce has been especially important in this context. Ireland has been ranked first in the world for the flexibility and adaptability of its workers and also scores highly in international rankings for the availability of skilled labour and productivity. Ireland's education system has been key to this – it is ranked amongst the top ten in the world and the country has one of the highest percentages of population who have completed third level education. Positive demographics have been important too, with Ireland boasting the youngest population in the EU as 40% are under the age of 30.

While Ireland continues to benefit from FDI, there is a growing focus on ensuring its advantages are spread more evenly across the country. IDA Ireland and the Government have placed a particular emphasis on growing investment in the regions. This has entailed new regional investment targets and also building clusters of investment in parts of Ireland that help then to sustain and attract more overseas companies from particular industries.

INTERNET SECTOR

Ireland is fast becoming the Internet capital of Europe. With the top ten global internet-based companies located here, it is a dynamic, exciting area, attracting both established and new players from the world of Search, Social, Games, E-Commerce, Online Payments and Marketing.

While the growth in the Irish Internet sector has been phenomenal over the past number of years, it is far from an overnight sensation. Microsoft and Intel have been operating in Ireland for 25 years, while Google celebrated its 10th anniversary here in 2013. These have been joined by the likes of Facebook, Twitter and many other emerging players.

While Ireland has a world-renowned multinational sector, indigenous start-ups are blazing trails in areas such as Enterprise, SaaS, Social Media, E-Commerce, Mobile, Education, Financial, Health, Music and Game technology.

Due to the strong multinational presence in Ireland there is a wealth of experience, both indigenous and imported, in highly specialised, high-value sectors and international market management.

Every major venture capital firm now has a portfolio of companies in Dublin. Thus start-ups and established firms are increasingly attracted to Ireland for the deep pool of talent, which is one of the rarest and hardest resources to find.

A conveyor belt of skilled science and technology graduates fuel Ireland's thriving Internet sector. In turn, the innovation and creativity developed within the sector has seen Ireland become an internationally recognised hot bed for tech talent. Ireland is now a highly desirable location for skilled multilingual talent from around the globe.

4 – SETTING UP A BUSINESS

When setting up a business in Ireland, consideration should be given as to whether it should incorporate or remain as an unincorporated entity.

This decision will be driven by a number of factors including the size of the business, potential profits, tax implications and insurance obligations etc. However, it is important to note that an incorporated entity affords the owners the benefit of a distinct legal status separate from the owners and the business entity can therefore sue and be sued in its own name. Incorporated entities include, among other business forms, private limited companies, public limited companies and unlimited companies.

An unincorporated entity can be a sole proprietorship or a partnership and these can sue and be sued directly.

UNINCORPORATED COMPANIES

SOLE TRADER

One of the most basic business entities is when a sole proprietor sets up in business. Legal formalities and costs are lower than for an incorporated entity and this can appeal to small enterprises with small profits initially.

A sole practitioner can be held personally liable for the business' obligations and may be required to guarantee personal assets as collateral when borrowing funds. The advantages of this form of business entity include full managerial control and direct access to profits.

PARTNERSHIPS – GENERAL AND LIMITED

The definition of 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 does not have a legal personality separate from that of the partners. In the legal sense, the partnership does not enter into contracts in its own name, but in the names of the partners.

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 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.

A limited partnership can also be set up. This comprises 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.

A 1% capital duty is payable on amounts subscribed as capital to a limited partnership. Where no written partnership agreement exists, 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.

INCORPORATED COMPANIES

PRIVATE COMPANY LIMITED BY SHARES

This is the most common form of business entity set up in Ireland, although there are a number of types of companies under the Companies Act. The private company limited by shares' main advantage is the fact that the liability of the members is limited to the amount of share capital (common stock) subscribed.

To qualify as a private limited company, an entity must include the following restrictions:

- The maximum number of members must be limited to 149
- The right to transfer shares must be restricted
- There must be a prohibition on any invitation to the public to subscribe for shares or debentures.

A company is governed by its corporate constitution, which is a formal document that sets out the rules governing a company. It also defines the relationship between the company, shareholders, director and other officers of the company. The corporate constitution represents a binding agreement between the company and its shareholders and officers.

COMPANY DIRECTORS

The executive powers of a company remain with the directors. They are responsible for the day-to-day running of the company and must act in the best interests of the company and shareholders. The duties of directors are widespread. On appointment, a director must acknowledge that he/she performs the legal duties and obligations imposed not only by the Companies Acts but also all other enactments, including common law.

A private limited company can have a minimum of one director who must be a natural person over 18 years of age. (If it has one director only, it must have a separate company secretary).

All other company types must have at least two directors (there is no maximum). Any individual may act as a director as long as he or she is not disqualified from holding such a position and are over 18 years old.

All directors are required to act in accordance with the corporate constitution, the Companies Act and to generally:

- act in good faith in what the director considers to be in the interests of the company;
- act honestly and responsibly in relation to the conduct of the affairs of the company;
- act in accordance with the company's constitution and exercise his or her powers only for the purposes allowed by law;
- not use the company's property, information or opportunities for his or her own or anyone else's benefit unless—
    - this is expressly permitted by the company's constitution; or
    - the use has been approved by a resolution of the company in general meeting;
- not agree to restrict the director's power to exercise an independent judgment unless this is expressly permitted by the company's constitution;
- avoid any conflict between the director's duties to the company and the director's other (including personal) interests unless the director is released from his or her duty to the company in relation to the matter concerned, whether in accordance with the provisions of the company's constitution in that regard or by a resolution of it in general meeting;
- exercise the care, skill and diligence which would be exercised in the same circumstances by a reasonable person having both—
    - the knowledge and experience that may reasonably be expected of a person in the same position as the director; and
    - the knowledge and experience which the director has; and
- have regard to the interests of its employees in general and have regard to the interests of its members.

Policy decisions and the running of the business are usually done by way of directors' board meetings. Directors' board meetings are also held annually to approve the financial statements of the company. A director who does not carry out his/her duties properly and diligently may be held personally liable to the company or members for any damage they may suffer and directors may also be prosecuted for non-compliance with the Companies Acts.

COMPANIES INCORPORATED OUTSIDE IRELAND AND TRADING IN IRELAND

Foreign companies (i.e. companies incorporated outside Ireland) may conduct business in Ireland through a branch.

BRANCH OPERATIONS IN IRELAND

For Irish company law purposes, a branch is a division of a foreign company trading in Ireland that has:

- The appearance of permanency
- A separate management structure
- The ability to negotiate contracts with third parties
- 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 therefore 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. The foreign company's constitution, certificate of incorporation and audited accounts must also be filed with the Registrar of Companies. On submission of the above, the Registrar will issue a certificate of registration to the branch.

A foreign company trading in Ireland through a branch is also required to file its financial statements with the Registrar of Companies within a specified time following the company's year-end or at the same time as they are published in the country of incorporation.

Separate branch financial statements are not required to be filed in most circumstances. As with Irish incorporated entities, changes in previously notified information must be reported to the Registrar of Companies.

5 – LABOUR

The labour market in Ireland offers inward investors access to exceptional talent.

Approximately 34% of people in Ireland are under 25 years of age supplying a youthful future workforce. Ireland provides a wealth of young, well-educated workers who are highly skilled. Ireland has one of the most educated workforces in the world. The share of 30-34 year olds in Ireland with a third level qualification is 53.5%, compared to an EU average of 40%. Irish people have a strong work ethic and this is reflected in the rate of employee turnover that tends to be well below the European average. All of these features of the workforce have been a significant factor in attracting a large number of multinationals to locate their operations in Ireland.

Ireland's education system is amongst the best in the world. It ranks in the top 10 globally as an education system that meets the needs of a competitive economy. Ireland has one of the most educated workforces in the world. The share of 30-34 year olds in Ireland with a third level qualification is 53.5%, compared to an eu average of 40%. Almost 30% of students enrolled in science, technology, engineering and maths (STEM) courses.

Ireland is implementing a comprehensive and forward looking National Skills Strategy and Action Plan for Education, which aims to make Irish education and training the best in Europe by 2026.

There were 380,000 non-Irish persons employed in Ireland in Q2 2019 (16.5% of total employment).

The 2016 Census revealed that over 612,000 residents spoke a language other than English or Irish at home, a 19% increase on 2011.

Proportionally Ireland has the 4th highest international workforce in the EU.

The Irish government recognises the importance of inward investment as a provider of high-quality employment and has invested substantial resources to identify potential skill shortages and provide an education and training system designed to meet the requirements of businesses. There are strong links between industry and educational establishments, particularly in emerging high technology sectors, and high-level education is designed to ensure that the future demands of Ireland's business community are met.

EMPLOYMENT LEGISLATION

INDUSTRIAL RELATIONS

Driven by a quality customer ethos, the objective is to progress Ireland's economic and social agenda by developing and implementing sound industrial relations policies. This is achieved by administering and developing industrial relations policy and machinery and contributing to the promotion and development of the partnership approach to industrial relations at the level of the enterprise.

The system of industrial relations in Ireland is essentially voluntary in nature. There has been agreement on all sides that the terms and conditions of employment of workers is best determined by the process of voluntary collective bargaining between an employer or employers' association and one or more trade unions, without the intervention of the State. Under this process standard matters like wages or hours of work are determined and, in addition, some collective agreements lay down procedural rules which govern the conduct of industrial relations between the parties.

Over the years, however, legislation has been enacted in certain areas (such as minimum rates of pay, holidays, working hours, minimum notice, redundancy, dismissals and employment equality) laying down certain minimum standards which may be improved upon by collective bargaining but cannot be taken away or diminished.

The State's role in industrial relations in Ireland has been largely confined to facilitating the collective bargaining process through establishing by legislation institutions (Workplace Relations Commission (WRC) and Labour Court) to assist in the resolution of disputes between employers and workers.

The main collective dispute mechanisms is the Labour Court, which adjudicates on collective industrial disputes. Responsibility for promoting good industrial relations in Ireland now rests with the Workplace Relations Commission, which provides a range of industrial relations services around preventing and resolving workplace disputes and disagreements involving groups of workers, individual workers, employers and their representatives.

Activities of a developmental nature relating to the improvement of industrial relations practices are also undertaken by the Workplace Relations Commission. These include -

- the review and monitoring of developments in the area of industrial relations
- the preparation, in consultation with the social partners, of codes of practice relevant to industrial relations
- industrial relations research and publications
- organisation of seminars/conferences on industrial relations/human resource management issues.

Source: WorkplaceRelations.ie

CONTRACT OF EMPLOYMENT

All employees should be given a written statement setting out details of their contract such as rates of pay, deductions, hours worked and holiday entitlement. Anyone who works for an employer for a regular wage or salary automatically has a contract of employment. While the complete contract does not have to be in writing, an employee must be given a written statement of the terms of employment within two months of starting work (according to the Terms of Employment (Information) Acts 1994 to 2014).

SAFETY, HEALTH AND WELFARE AT WORK

The main legislation providing for the health and safety of people in the workplace is the Safety, Health and Welfare at Work Act 2005. This Act combines and updates the provisions of the Safety, Health and Welfare Act 1989. It applies to all employers, employees and self-employed people in their workplaces. The Act outlines the rights and responsibilities of both employers and employees and details the fines and penalties which will be enforced for breaches of health and safety legislation.

MINIMUM NOTICE

Minimum notice periods exist for the termination of employee contracts. Notice periods are determined by the length of service and are covered by the Minimum Notice and Terms of Employment Acts, 1973 to 2005. The length of notice depends on the contract of employment. In addition, there is a minimum entitlement laid down by law. Though a contract may give a greater entitlement to notice than the statutory minimum, it cannot give less.

REDUNDANCY PAYMENTS SCHEME

The Redundancy Payments Acts, 1967–2014 impose a statutory obligation on employers to pay compensation to employees dismissed for reasons of redundancy. Redundancy arises where an employee’s job ceases to exist and he/she is not replaced for reasons such as the financial position of the firm, because there is not enough work, the firm closes down altogether, or because of reorganisation. The Act details a minimum entitlement due to an employee with a set period of service with the employer. Not all employees are entitled to the statutory redundancy payment. For more details see: www.workplacerelations.ie/en/

The Protection of Employment Act, 1977 (2007) provides that, where employers are planning collective redundancies, they are obliged to supply the employees’ representatives with specific information regarding the proposed redundancies. For more information see: www.citizensinformation.ie

SAFEGUARDING OF EMPLOYEES RIGHTS ON TRANSFER OF UNDERTAKINGS

The EU’s ‘Safeguarding of Employees Rights on Transfer of Undertakings Regulations’ is aimed at safeguarding the rights of employees in the event of the transfer in ownership of a business. The regulations stipulate that employee rights should automatically transfer to the new employer. For more see: www.employmentrights.ie

DISMISSAL

The Unfair Dismissals Acts 1977 (2007) provides protection for employees from being unfairly dismissed from their jobs by laying down criteria by which dismissals are judged to be unfair and by providing an adjudication system (the Employment Appeals Tribunal). For more information see: www.citizensinformation.ie

NATIONAL MINIMUM WAGE

Since 1 April 2000, a National Minimum Wage Act has been in effect. The Act covers all employees, although certain exemptions apply. The Act applies to full-time, part-time, temporary and casual employees for any hours worked.

As of 1 January 2021, the current national minimum hourly rate of pay is EUR 10.20 for persons who are 18 years and over. For more information please see: www.citizensinformation.ie

PAYROLL TAXES

Taxes on payroll are pay as you earn (PAYE), pay related social insurance (PRSI) and universal social charge (USC). These payroll taxes are collected on behalf of the state by the employer. PRSI is payable by both the employer and employee.

USC is a tax payable on your total income. Total income for USC purposes includes things such as:

- employment income
- taxable employer benefits
- self-employed income
- rental income
- share option gains
- dividend income

PENSIONS AND BENEFITS

Employers are not legally required to provide their employees with pensions or other benefits such as health care, but many choose to do so.
As an employer, you will have to offer the facility to your employees to take out at least one standard PRSA (Personal Retirement Savings Account) if:

- you do not currently have a pension scheme in place; or
- you have employees that are not included in the pension scheme; or
- you have imposed a waiting period for membership of the pension scheme of more than 6 months; or
- you do not allow employees take out an AVC plan (within the scheme rules).

If you currently have a pension scheme where all your employees are entitled to membership, you may not be affected by the legislation.

HOLIDAYS AND OTHER STATUTORY ENTITLEMENTS

Government legislation provides certain entitlements to work leave. This includes annual leave, public holidays, maternity leave, parental leave, adoptive leave, carer’s leave and other types of leave.

Under Section 19 (1) of the Organisation of Working Time Act, 1997 employees are entitled to a basic annual paid leave entitlement of 4 weeks. There are 3 different ways of calculating annual leave entitlement:

- Based on the employee's working hours during what is called the leave year, which runs from April to March. An employee who has worked at least 1,365 hours in a leave year is entitled to the maximum of 4 working weeks' paid annual leave unless it is a leave year in which they change employment. Many employers use the calendar year (January-December) instead of the official leave year to calculate entitlement
- By allowing 1/3 of a working week for each calendar month in which the employee has worked at least 117 hours
- 8% of the hours worked in the leave year, subject to a maximum of 4 working weeks

An employee may use whichever of these methods gives the greater entitlement. When calculating the entitlement, employers should include all hours worked including time spent on annual leave, maternity leave, parental leave, force majeure leave, adoptive leave or the first 13 weeks of carer's leave.

An employee who has worked for at least 8 months is entitled to an unbroken period of 2 weeks' annual leave.

Part-time work: Generally, the annual leave for part-time workers is calculated using the 3rd method, that is, 8% of hours worked. If an employee works full time for some months and the rest of the year they work part time, the employer should calculate the leave for the full-time and the part-time periods of work separately.

IRISH STATUTORY PUBLIC HOLIDAYS ARE AS FOLLOWS:

New Year's Day (1 January)
St. Patrick's Day (17 March)
Easter Monday
First Monday in May, June and August
Last Monday in October
Christmas Day (25 December)
St. Stephen's Day (26 December)

The entitlement to a basic period of maternity leave from employment extends to all female employees in Ireland. They can also take additional unpaid maternity leave. The Maternity Protection Act 1994 and the Maternity Protection (Amendment) Act 2004 provide the statutory minimum entitlements in relation to maternity at work, including maternity leave. (See www.citizensinformation.ie for further information). A female employee is entitled to up to 42 weeks maternity leave, where, for 26 of these weeks the employee is entitled to social welfare and 16 weeks are unpaid.

Paternity leave gives new parents 2 weeks off work. This leave can start any time in the first 6 months after the birth or placement in the case of an adoption. Usually, fathers take paternity leave. Paternity benefit is also available to same-sex couples. The employer does not have to pay the employee during paternity leave, but they may qualify for Paternity Benefit. The legislation on paternity leave is set out in the Paternity Leave and Benefit Act 2016.

Parental leave entitles parents to take unpaid leave from work to spend time looking after their children. They can take up to 26 weeks' parental leave for each eligible child before their 12th birthday. In general, the employee must have been working for their employer for at least a year to get the full amount of parental leave. The employee must give their employer at least 6 weeks' notice before taking parental leave. Before 1 September 2020, parental leave was 22 weeks for each eligible child. Under the Parental Leave (Amendment) Act 2019 the amount of parental leave that you can take has increased from 18 weeks to 26 weeks. This was phased over a 2-year period.

Adoptive leave gives 24 weeks' leave off work to one parent of the adopting couple or a parent who is adopting alone. The 24 weeks start from the date the child is placed in their care. The employer does not have to pay the employee during adoptive leave, unless it is stated in their contract. If the employee has enough PRSI contributions, they can get Adoptive Benefit from the Department of Social Protection (DSP). The employee can take up to 16 additional weeks' unpaid adoptive leave but cannot claim Adoptive Benefit for these extra weeks. The employee must give their employer 4 weeks' notice in writing that they plan to take adoptive leave.

VISAS AND PERMITS

In order to work in Ireland a non-EEA National, unless they are exempted, must hold a valid Employment Permit. The Department's Employment Permits Section administers the Employment Permits system.
A non-EEA national, except in certain specific cases, requires an employment permit to take up employment in Ireland. The EEA (European Economic Area) comprises the Member States of the European Union together with Iceland, Norway and Liechtenstein. It is an offence under the Employment Permits Acts 2003 and 2006 for both an employer and an employee to have a non-EEA National in employment without an appropriate employment permit.

Work permits are available for occupations with an annual salary of EUR 30,000 or more and are granted for two years initially, and then for a further three years. After five years a worker may no longer need a work permit.

A labour market needs test is required for all work permit applications. Either the employer or employee can apply for the employment permit, based on an offer of employment. The permit will be granted to the employee and will include a statement of the employee's rights and entitlements

Once the employee has been issued with an employment permit they have all the employment rights of Irish or EEA citizens for the duration of the employment permit.

Work permits are not required for the following:
- A citizen of a member state of the EEA and where such a citizen is pursuing an activity as an employed or self-employed person within the state
- His/her spouse and any of their children who are under the age of 21 years or are dependent on the EEA citizen.

(The EEA comprises EU member states – Belgium, Denmark, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland, Sweden and the United Kingdom – together with non EU members Norway, Iceland and Liechtenstein.)

A non-EEA national wishing to start up a business in Ireland, or an employer wishing to employ non-EEA nationals in Ireland, may require visas and permits.

Non-EEA nationals who are looking to set up a business in Ireland need to obtain a Business Permission which requires the entrepreneur to have a minimum of EUR 300,000 in capital transferred to Ireland.

6 – TAXATION

CORPORATE TAX

CORPORATE TAX SYSTEM

All companies resident in Ireland are liable to corporation tax in respect of their worldwide profits. Companies are liable for corporation tax on their total profits i.e. trading income, passive income and capital gains. A non-resident company which carries on a trade in Ireland through a branch or an agency is liable to corporation tax on income and any gains of the branch or agency.

TAX RATES

The rates of corporation tax are as follows:

- A 12.5% rate applies to all trading income
- A 25% rate applies to non-trading income (which includes income chargeable under Case III (discounts, interest and foreign income), Case IV (patent royalties, miscellaneous income) and Case V (rental income from land and buildings in the State) of Schedule D. Also included at this rate is income from activities which consist of working with minerals, petroleum activities and dealing in or developing land, other than for construction operations.

INTEREST

Interest incurred wholly and exclusively for the purposes of a trade is allowable as a deduction in computing taxable profits There is a restriction on the amount of interest deductible in the case of interest payable to connected persons.

Interest relief is granted as a charge against a company's total profits for the year of payment when the interest arises on borrowings which are used to make an investment in a company. There is no ring-fencing of this charge; however there are anti-avoidance rules relating to recovery of capital and replacement of loans.

CAPITAL ALLOWANCES

Accounting depreciation is not deductible in computing business profits for tax purposes. Capital allowances are granted in lieu of depreciation for tax purposes. Capital allowances are available as follows:

- Plant and machinery – an allowance for the wear and tear of plant and machinery in use for the purpose of the trade is available at the end of the accounting period. The allowance is calculated by reference to the cost of the item net of any grants received. The write-off period for the annual wear and tear allowance is eight years for expenditure incurred after 4 December 2002 (i.e. a rate of 12.5% per annum on a straight line basis)
- Computer software – computer software is written off over eight years on a straight line basis, where the software is used for business purposes
- Energy efficient equipment – accelerated allowances of 100% in year one are available for the purchase by companies of certain new energy efficient equipment, but only where certain conditions are met

- Motor vehicles – the annual allowance for motor vehicles is 12.5% on a straight line basis. The availability of capital allowances will depend on the level of carbon emissions of the car. The level of emissions will determine the qualifying cost of the vehicle for capital allowances purposes. There are separate rules for taxis and short-term hire vehicles
- Industrial buildings – the annual allowance for industrial buildings is 4% on a straight line basis on the cost of the building, exclusive of grants
- Intellectual property – the Finance Act 2009 introduced capital allowances on capital expenditure incurred by companies on the provision of certain “specified intangible assets”. The definition of specified intangible assets is widely drafted and includes, inter alia, the acquisition of or the licence to use:
  - Patents and registered designs
  - Trademarks, brands, brand names, domain names and services marks
  - Certain plant breeders rights
  - Copyright or related rights
  - Know-how, generally related to manufacturing or processing
  - Any authorisation required in order to sell a medicine or product or any design, formula, process or invention for the purpose it was intended
  - Any rights derived from research, prior to authorisation, on the effects of items covered directly (at the point above)
  - Goodwill to the extent that it is directly attributable to specified intangible assets.

The tax write-off will be granted as a capital allowance and the write-off will be available in line with the depreciation or amortisation for accounting purposes. Alternatively, a company can elect to take the write-off against its taxable income over a 15-year period. A rate of 7% will apply for years 1–14 and 2% for year 15. There will be a claw back of the capital allowances claimed if the intellectual property is sold within 15 years of its acquisition.

The capital allowances that are available can only be offset against income generated from exploiting intangible assets or as a result of the sale of goods or services that derive the greater part of their value from the intangible assets (irrelevant trade). The aggregate amount of deductible allowances that are available will be capped at 80% of profits from the relevant trade in a given accounting period. Unused allowances can be carried forward and treated as an allowance in succeeding accounting periods. The new provisions will not apply where the expenditure incurred on the asset exceeds an arm’s length amount.

BALANCING ALLOWANCE/BALANCING CHARGE

A balancing allowance or balancing charge may arise on the disposal of business assets on which capital allowances were being claimed. A balancing allowance arises where the sale proceeds realised on an item are less than its written down value. The allowance is equal to the difference between the sales proceeds and the tax written down value. Where the sales proceeds exceed the written down value, a balancing charge arises on the difference.

STAMP DUTY

In order to make Ireland a more attractive location for intellectual property, the previous 9% stamp duty tax charge on the transfer of intellectual property to Ireland has been abolished. Intellectual property includes any patent, trademark, copyright, registered design, design right, invention, domain name, supplementary protection certificate or plant breeders' rights. This exemption also applies to the value of any goodwill attaching to the intellectual property.

TAX LOSSES

Trading losses are computed in the same manner as trading profits. A trading loss can be offset against any other income either in the current or preceding period of equal length. Any excess losses can be carried forward indefinitely against future profits of the same trade. Trading losses subject to the lower rate of tax can be offset against income taxed at the higher rate of tax on a value basis. The effect of this is to give a credit against the corporation tax payable for the value of the losses.

GROUP RELIEF

Group relief may be claimed where one member of a group of companies is entitled to surrender its trading loss to another member of the same group. Two companies are members of a group if one is a 75% subsidiary of the other or both are 75% subsidiaries of a third company. A company is a 75% subsidiary of another company where not less than 75% of the ordinary share capital is owned directly/indirectly by that company. The parent company must be entitled to 75% of profits available for distribution to equity holders (including loan creditors). The parent company must be entitled to 75% of assets available for distribution to equity holders on a winding up. Group relief is available to Irish companies, subject to certain conditions, in respect of trading losses incurred by their non-Irish subsidiary companies that are resident in EU member states and EEA states with which Ireland has a double tax treaty.

CLOSE COMPANIES

A 'close company' is a company which is under the control of five or fewer participators or under the control of its directors. The company must be an Irish tax resident. A surcharge of 20% is payable on the undistributed investment and rental income of a close company. Professional services companies are liable to a surcharge of 15% on one half of the undistributed trading income and a surcharge of 20% on the undistributed rental and investment income.

NEW COMPANY START-UPS

An exemption from corporation tax and certain gains for the first three years of trading apply to certain new start-up companies. The relief was extended to include start-up companies which commence a new trade in 2012, 2013, 2014, 2015, 2016, 2017 and 2018. Finance Act 2018 extended this relief until 31 December 2021. Since 2011, relief has been limited to employer social insurance (PRSI) costs. This exemption is subject to a corporation tax liability threshold of EUR 40,000. Marginal relief is available up to a liability of EUR 60,000. The relief is restricted to new trades only and does not apply to professional services companies or companies which deal in land, petroleum or mineral activities.

PRE-TRADING EXPENSES

In computing Irish trading profits, non-capital expenditure incurred in the three years prior to the commencement of a trade is allowable as a deduction in calculating taxable profits. Capital allowances may be available on capital expenditure incurred prior to commencement.

TAX ADMINISTRATION

The Irish tax system incorporates a self-assessment regime, under which companies are obliged to determine whether or not they are liable for corporation tax and if so, to file a tax return and make an appropriate tax payment. When activities in Ireland fall within Irish taxable charges, the company is required to file a TR2 form with the Irish Revenue Commissioners, which provides for tax registration for Corporation Tax, PREM (Payroll Taxes) and VAT as appropriate. It is possible to file tax returns electronically by using the revenue online service (ROS). This is an internet-based system, which allows taxpayers to file tax returns through the internet and to view details of their tax balances.

Where a company is obliged to submit a corporation tax return, it must be filed no later than the 21st day of the ninth month following the end of the accounting period. For companies with a tax liability not exceeding EUR 200,000 in their previous accounting period, preliminary tax of 100% of the prior year liability or 90% of the current year liability is payable on 21st of the month preceding the accounting year-end. The balance of the tax is payable on the date the return is due to be filed.

For companies with a tax liability exceeding EUR 200,000, the first instalment will be payable on 21st day of the sixth month of the accounting period and the amount payable will be 50% of the corporation tax liability for the preceding accounting period or 45% of the corporation tax liability for the current accounting period. The second instalment will be payable on the 21st day of the 11th month of the accounting period and the amount payable will bring the total preliminary tax paid to 90% of the corporation tax liability for the current accounting period. The balance of the tax is payable on the date the return is due to be filed.

SHIPPING AND TONNAGE TAX

Tonnage tax is an alternative method for shipping companies to calculate their profits for corporation tax purposes. The tax charge is levied each year based on the tonnage of the ships operated by the company.

REPATRIATION OF PROFITS AND IRISH WITHHOLDING TAX

Although a withholding tax of 20% applies to dividends and other profit distributions made by an Irish tax resident company, extensive exemptions are available in cases of certain payments to certain shareholders, including:

- Irish tax resident companies
- Charities and pension funds
- Certain collective investment funds
- Certain employee share ownership trusts
- Certain companies and individuals who are residents of other EU member states, or tax treaty countries
- Listed companies and their 75% subsidiaries.

TAX EXEMPT GOVERNMENT SECURITIES
Foreign companies in Ireland are exempt from corporation tax in respect of interest received from certain Irish government securities issued to them.

OTHER BUSINESS TAXES
LOCAL TAXATION
There are no provincial, municipal or local taxes on the profits of companies. The only local tax is a property tax, referred to as 'rates', which is levied by local authorities on commercial properties. An amount, or rate, is payable per EUR 1 valuation of the property. The rate is set annually by each local authority, which also determines the valuation of the property.

VALUE ADDED TAX
Value added tax (VAT) is a tax on consumption rather than production and is charged on goods and services supplied in the course of business. VAT at importation is also payable on imports from outside the EU. Credit is given for VAT paid to registered traders; thus, the cost is ultimately borne by the final consumer.

VAT rates range from zero to 23% depending on the product or service, with most being charged at 23%. This has been temporarily reduced to 21% as part of the COVID-19 provisions until 28 February 2021.

EXPORT VAT EXEMPTION
Exports are zero rated for VAT, 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 receive almost all of their goods and services from Irish and foreign suppliers free from any VAT charge. This reduces administration and the need to get a VAT refund.

CUSTOMS AND EXCISE DUTIES
Ireland is a member of the EU and all border controls between EU member states have been eliminated. This 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. The EU has preferential tariff agreements with certain countries and country groupings, which result in the rates being reduced or eliminated.

Excise duty is chargeable on a limited number of goods including petrol, diesel, liquid petroleum gas (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.

CUSTOMS AND EXCISE RELIEF
Customs and excise duties are collected at point of importation. However, there are 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 a 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.

TAXES ON CAPITAL

CAPITAL GAINS TAX

Capital gains tax (CGT) is a tax charged on the capital gain (profit) made on the disposal of any asset. It is payable by the person making the disposal. The gain/profit (the difference between the price you paid for the asset and the price you sold it for) is considered taxable income.

The rates of capital acquisitions tax and capital gains tax increased from 30% to 33% from 5 December 2012 and have remained at this rate since then.

The first EUR 1,270 of taxable gains in a tax year is exempt from CGT. If a person is married or in a civil partnership, this exemption is available to each spouse or civil partner but is not transferable.

A new incentive relief from CGT was introduced for the first seven years of ownership; for properties bought between 6 December 2011 and the end of 2014, when the property is held for more than seven years, the gains accrued in that period will not attract CGT. This was reduced to four years' ownership where the property is sold after 1 January 2018.

Chargeable gains in a year of assessment are aggregated with allowable losses of the year for the purpose of computing the net amount assessable to capital gains tax. Losses brought forward from earlier years are also deductible. Allowable losses which remain unrelieved may be carried forward indefinitely. Gains on development land may only be offset by losses on development land. Losses on development land may be offset against any gains on disposals of other assets.

Capital assets may be transferred between Irish resident group companies without liability for tax on the capital gain.

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. A rate of 6% applies to transfers of non-residential property from midnight on 10 October 2017. A rate of 1% applies to transfers of all residential properties on the first €1 million consideration and 2% on any excess.

Transfers between companies with a 90% relationship are exempt from stamp duty subject to certain conditions being met.

CAPITAL ACQUISITIONS TAX

If a gift is received, it may be liable for gift tax and where there is an inheritance following a death, it may be liable to inheritance tax. Both these taxes are types of capital acquisitions tax (CAT). Since it is a tax on acquisitions, the person in receipt of the gift or inheritance is responsible for the payment of any tax.

The benefit (the gift or inheritance) is taxed if its value is over a certain limit or threshold. Different tax-free thresholds apply depending on the relationship between the disponer (the person giving the benefit) and the beneficiary (the person receiving the benefit). There are also a number of exemptions and reliefs that depend on the type of the gift or inheritance. If you receive a gift or inheritance from your spouse or civil partner, you are exempt from capital acquisitions tax.

The tax applies to all property located in Ireland. It also applies where the property is not located in Ireland but either the person giving the benefit or the person receiving it are resident or ordinarily resident in Ireland for tax purposes.

The rate of CAT increased to 33% from 30% from 5 December 2012 and has remained at this rate since then.

IRELAND AS A HOLDING COMPANY LOCATION

A number of new measures have been introduced to enhance Ireland’s position as a holding company location. Ireland’s taxation regime now includes the following key features:

- An interest deduction to Irish companies borrowing funds which can be used to acquire shares in trading subsidiaries or to make loans to such subsidiaries
- No thin capitalisation rules providing for specific debt to equity ratios or interest cover ratios in order to obtain a full tax deduction for interest expenses
- No transfer pricing rules currently
- A participation exemption from capital gains tax on the disposal of shares in certain foreign and domestic subsidiaries which exempts such disposals from capital gains tax
- A significant network of double tax treaties
- Favourable treatment of dividend income received from foreign subsidiaries
- Exemption from interest withholding tax
- A favourable R&D tax credit system
- Patent royalty exemption.

These incentives, together with non-tax incentives such as the economic situation, telecommunications infrastructure and membership of the EU, make Ireland one of the most attractive holding company locations in Europe for multinational companies. Some of the main incentives are outlined in more detail below.

TAX DEDUCTION FOR INTEREST PAYMENTS

An Irish tax deduction is available for interest on monies borrowed to finance the acquisition of shares subject to certain conditions. Interest is allowed as a deduction if it is used in acquiring any part of the ordinary share capital of a trading company, a company whose income consists mainly of real estate rental income or a holding company of such a trading or real estate rental company. A deduction is also allowed for any interest on funds used to lend to such companies which is used wholly and exclusively for the purpose of the borrower's trade or business or that of a company connected with it. Certain conditions must be met in order for the interest deduction to be allowed.

TRANSFER PRICING RULES IN IRELAND

Ireland has enacted transfer pricing legislation since 1 January 2011. It applies to any agreement or arrangement of any kind involving the supply and acquisition of goods, services, money or intangible assets where at the time of supply and acquisition the person making the supply and person making the acquisition are associated and the profits/gains or losses are within charge to the Irish trading rate of 12.5% (i.e. applies to trading transactions only). However please see section 6 in respect of potential changes to Ireland's transfer pricing regime in the future.

There are no specific pricing methods, but application of the arm's length principle (ALP) and open market values are considered appropriate when dealing with related party transactions and are based on the OECD Guidelines.

The legislation requires that an Irish company must have transfer pricing documentation available. There is no legislated format for the documentation and the documentation does not have to be prepared in Ireland. Transfer pricing documentation completed for tax purposes in another jurisdiction may be sufficient to meet Revenue requirements, on the basis that this documentation is in English. The tax authorities in Ireland recognise that the format of the documentation will depend on the types of transactions. For example, more complex transactions would require more detailed documentation.

There is no deadline to prepare and submit documentation other than any figures included in the annual corporate tax return must be based on actual calculations completed using the relevant transfer pricing legislation. The documentation must be available for inspection if the annual tax return is reviewed. Revenue guidance states that it is best practice that the documentation be prepared at the same time as the terms of the transaction are agreed, and that the documentation should exist at the time that the Tax Return is filed.

Exemption

An exemption from the Irish transfer pricing rules is contained in Irish tax law for small and medium enterprises ("SMEs"). The definition of a SME is assessed at a group level and is based on the definition in the EU Commission Recommendation of 6 May 2003. In this regard, a group will be regarded as an SME if it has:

- fewer than 250 employees; and either
- a turnover of less than €50 million or
- assets of less than € 43 million.

CAPITAL GAINS TAX (CGT) ON SHARE DISPOSALS

Irish holding companies are allowed an exemption from capital gains tax on the disposal of shares in their subsidiaries, subject to a number of conditions. The company in which the shares are being disposed of must, at the time of the disposal, be tax resident in an EU member state (including Ireland) or a country with which Ireland has a double tax treaty, and must be carrying on a trade or be part of a trading group. The Irish holding company making the disposal must have held at least 5% of the shares in the company in which the shares are disposed of, for a continuous period of 12 months ending within the previous 24 months.

DOUBLE TAXATION AGREEMENTS

To facilitate international business, Ireland has generated an extensive network of double taxation agreements. To date Ireland has 74 tax agreements, which provide for the elimination or mitigation of double taxation and these are with the following countries: Albania, Armenia, Australia, Austria, the Kingdom of Bahrain, the Republic of Belarus, Belgium, Bosnia and Herzegovina, Botswana, Bulgaria, Canada, Chile, China, Croatia, Cyprus, the Czech Republic, Denmark, Egypt, Estonia, Ethiopia, Finland, France, Georgia, Germany, Ghana, Greece, Hong Kong, Hungary, Iceland, India, Israel, Italy, Japan, Kazakhstan, the Republic of Korea, Kuwait, Latvia, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Mexico, Moldova, Montenegro, Morocco , the Netherlands, New Zealand, Norway, Pakistan, Panama, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, the Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, the United Arab Emirates, the United Kingdom, the United States of America, Uzbekistan, Vietnam, and Zambia.

Ireland has completed the ratification procedures to bring the Protocol to the existing Agreement with Belgium into force. When notification of the completion of ratification procedures by Belgium is received, the Protocol will enter into force.

Negotiations for new agreements with Azerbaijan, Oman, Turkmenistan and Uruguay and for a protocol to the existing treaty with Mexico have been concluded and are expected to be signed shortly.

The renegotiation of existing treaties is ongoing and Ireland's existing treaty base will continue to be updated to incorporate provisions under the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (MLI).

In addition, where a double tax agreement does not exist with a particular country, there are unilateral provisions within the Irish Taxes Acts, which allow credit relief against Irish tax for foreign tax paid in respect of certain types of income.

FOREIGN DIVIDEND INCOME

Ireland operates a system of both treaty credit relief and unilateral credit relief whereby credit for foreign taxes is available against Irish tax on dividends received by an Irish holding company from certain foreign shareholdings. There is a unilateral tax credit for underlying foreign tax provided there is a 5% shareholding relationship between the companies. The unilateral credit provisions apply to dividends received from all countries and not just EU member states or countries with which Ireland has a double tax treaty. Foreign dividends are generally subject to Irish tax at the rate of 25%, with a 12.5% rate applying to dividends paid out of trading profits of an EU or treaty country resident company. Where the 12.5% rate applies, a credit for foreign taxes will still be available.

In addition, 'onshore pooling' allows foreign dividends to be pooled together before they are offset against the Irish tax liability. The tax credits do not need to be utilised in the year that the dividend is received. They can be carried forward indefinitely or offset against Irish tax on future foreign dividends.

EXEMPTION FROM INTEREST WITHHOLDING TAX

Interest paid by an Irish company to a non-Irish resident is subject to interest withholding tax, currently at the rate of 20%. An exemption from this withholding tax applies where the interest is paid by a company in the ordinary course of the trade or business carried out by it to a company which is tax resident in an EU member state. A further exemption applies where the interest is paid in the course of a trade or business carried on in Ireland to a company tax resident in a country with which Ireland has a double taxation agreement provided certain conditions are met.

Controlled Foreign Company (CFC) Regime

Finance Act 2018 introduced CFC rules in Ireland. The legislation takes effect for accounting periods of controlling companies beginning on or after 1 January 2019.

CFC rules operate by attributing certain undistributed income of a CFC, arising from non-genuine arrangements put in place for the purpose of avoiding tax, to the controlling company or a connected company in Ireland for immediate taxation, where that parent or connected company has "relevant Irish activities" (i.e. significant people functions (SPFs)) in Ireland.

For this purpose, a CFC is defined as a company which is

a) not resident in Ireland, and
b) controlled by a company or companies resident in Ireland.

A company is deemed to have control of a subsidiary if it owns directly or indirectly, more than 50% of the share capital, voting rights or distributions.

The CFC charge that can be imposed on an Irish controlling company will depend on the extent to which the CFC holds the assets or bears the risks that it does, were it not for the controlling company undertaking. SPFs in Ireland relating to those assets and risks instrumental in generating the CFCs income. SPFs are defined for Irish CFC purposes in line with the 2010 OECD Report on the Attribution of Profits to Permanent Establishments.

A number of exemptions from the CFC charge are included in the legislation, that is: -

- *Effective tax rate exemption:* where the CFC pays a higher amount of tax in its resident territory than it would have paid in Ireland.
- *Low profit margin exemption:* where the accounting profits of a CFC are less than 10% of its relevant operating costs.
- *Low accounting profit exemption:* where the accounting profits of a CFC are less than €750,000 and the amount of those profits representing non-trading income is less than €75,000; or the accounting profits are less than €75,000.
- *Exempt period exemption:* a one-year period of grace is given for newly acquired CFCs, where certain conditions are met.

The legislation also provides that the CFC rules will not apply in circumstances where the arrangements, under which the relevant SPFs are performed, are entered on an arm's length basis or are subject to the Irish transfer pricing regime.

Unless an exemption applies, the legislation ensures that undistributed income, with an Irish relationship by reference to Irish SPFs, which has been artificially diverted from the Ireland, will fall to be taxed in Ireland. In order to prevent double taxation, a credit will be available against the CFC charge for foreign tax paid on the same income.

R&D TAX CREDIT

A tax credit of 25% of expenditure incurred wholly and exclusively in the carrying on of an R&D activity can be offset against a company's corporation tax liability in the year in which it is incurred, in addition to a tax deduction at 12.5%. This gives an effective write-off for R&D expenditure of 37.5%. A tax credit is also available for construction or refurbishment work carried out on a building used for qualifying research and development activities. The credit is equivalent to 25% of the qualifying cost of construction or refurbishment (the cost of acquiring the land on which the building/structure is erected does not qualify) and may be claimed in full in the year in which the expenditure is incurred. The relief will be clawed back if the building is sold or ceases to be used by the company for R&D activities or for the same trade as when the building is first brought into use within ten years. This additional tax benefit makes Ireland a more attractive location for R&D activity.

R&D activities are defined as systematic, investigative or experimental activities in a field of science or technology, being one or more of the following:

- Basic research, namely experimental or theoretical
- Work undertaken primarily to acquire new scientific or technical knowledge without a specific practical application in view
- Applied research, namely work undertaken in order to gain scientific or technical knowledge and directed towards a specific practical application
- Experimental development, namely work undertaken which draws on scientific or technical knowledge or practical experience for the purpose of achieving technological advancement and which is directed at producing new, or improving existing materials, products, devices, processes, systems or services including incremental improvements thereto. In order to qualify for the tax credit, it is necessary to seek to achieve scientific or technical advancement and to involve the resolution of scientific or technological uncertainty.

The credit is now on a volume basis as opposed to an incremental basis therefore the full amount of any qualifying expenditure incurred now qualifies for the credit (subject to maximum refund restrictions set out below). A company is entitled to claim a tax credit for any R&D undertaken by an unconnected third party provided that the third party is informed in writing that it must not also claim the R&D credit and the sum paid to the third party does not exceed 15% of the expenditure or €100,000, whichever is the greater. Relief is also available for R&D undertaken by a university (in the EEA) on the company's behalf of up to 5% of the total R&D expenditure or €100,000, whoever is the higher.

As an incentive to certain staff, a company may transfer some or all of its R&D credit to "key employees". In order to be considered as a "key employee" certain conditions must be satisfied.

The credit is used to reduce a company's corporation tax liability in the current period. Excess credits can be used to shelter corporation tax paid in the immediately preceding period. Any remaining excess can be carried forward indefinitely for use against future corporation tax liabilities.

All claims for a research and development tax credit must be made within twelve months from the end of the accounting period in which the expenditure was incurred. All claims for a credit in respect of qualifying expenditure incurred on buildings must be made within the twelve months after the expenditure was incurred or within the twelve months after the date the building is first brought into use.

The maximum credit which may be refunded is the greater of:

- The total corporation tax paid in all accounting periods for the ten years prior to the period in which the research and development tax credit is claimed.
- The aggregate of the payroll taxes liability (payroll taxes, levies and the universal social charge) of the company in the period in which the research and development expenditure is incurred and the preceding accounting period.

KNOWLEDGE DEVELOPMENT BOX

Knowledge Development Box (KDB) is a Corporation Tax Relief and applies to income from qualifying patents, computer programmes and some intellectual property (for smaller companies).

To qualify, the company's accounting period must begin on or after 1 January 2016. A qualifying company may receive a deduction of 50% of its qualifying profits, resulting in it being taxed at 6.25%.

In order to qualify, a company must create a usable qualifying asset from qualifying Research & Development activities that earns income.

A qualifying asset is an asset that is created from R&D activities. Examples of these assets are:

- A programme for a computer
- Intellectual property for small companies which is certified by the Controller of Patents as patentable but not patented.
- An invention protected by a qualifying patent.

The KDB relief should be claimed by a company on their annual CT1 (Corporation Tax Return).

PERSONAL TAXATION

INCOME TAX

Income tax is payable by individuals and is charged on an annual basis at the rates shown in Table 1 below.

TABLE 1

Income tax rates, 2021

	TAXABLE INCOME (EUR)	TAX RATE
Single/widowed person	First 35,300	20%
	Balance	40%
Married couple (one income)	First 44,300	20%
	Balance	40%
Married couple (two incomes)	Up to 70,600	20%
	Balance	40%
One parent family	First 39,300	20%
	Balance	40%

PERSONAL TAX CREDITS

Income tax due on taxable income is reduced by personal tax credits, which are available to each individual and married couple. The principal tax credits are shown in Table 2 below.

TABLE 2

Tax credits, 2018

TAX CREDITS AT 20%	EUR
Single person	1,650
Married couple	3,300
PAYE	1,650
Earned Income	1,350

The PAYE credit is available to individuals paying tax under the pay-as-you-earn system. The Earned Income tax credit is available to individuals in receipt of trading income and certain company directors. If an individual has income that qualifies for the PAYE credit and Earned Income credit, the combined value of these credits cannot exceed the Employee credit. Other deductions are also available including mortgage interest relief and health insurance relief which are dealt with at source.

TAXATION OF FOREIGN DOMICILED PERSONS IN IRELAND

Most foreign executives working for overseas companies in Ireland would be classified as being resident but not domiciled in Ireland and would therefore be liable to Irish income tax on the following:

- Irish source income
- Foreign employment income to the extent that the duties of the employment are performed in Ireland (irrespective of where the income is paid from)
- Any other foreign income to the extent that it is remitted to Ireland.

APPROVED PROFIT SHARING SCHEME

Contributions by an employer to an approved profit sharing scheme are treated as an allowable trading expense. These contributions are used to purchase shares for employees up to a maximum of EUR 12,700 per employee per annum. The employee is not charged income tax on the disposal of shares if they are held for at least three years. The first sale by the employee is also free from stamp duty.

UNAPPROVED SHARE OPTIONS & THE KEY EMPLOYEE ENGAGEMENT PROGRAMME (KEEP)

Under an unapproved share option scheme an employee is generally (provided certain conditions are met), exempt from income tax at the date of grant. A charge to Income Tax, USC and PRSI will arise at the date of exercise. The employee will also be subject to Capital Gains Tax on the eventual disposal of the shares. A deduction for the amount subject to Income Tax at exercise is deductible when calculating any chargeable gain.

Revenue introduced the KEEP scheme in 2018 which provides that no Income Tax, USC or PRSI will be charged at grant, exercise or disposal of a qualifying disposal. An employee will be subject to Capital Gains Tax on the ultimate disposal of such shares. A number of conditions must be met for a company to be eligible to grant options over its shares under the KEEP scheme.

EMPLOYEE SHARE OWNERSHIP TRUSTS

Companies can obtain a tax deduction for the cost of setting up and maintaining a scheme to purchase company shares for the benefit of employees. Where the trust is linked to an approved profit sharing scheme, the transfer of shares to the employee will not be subject to income tax.

APPROVED SHARE OPTION SCHEME

Companies can obtain a tax deduction for the cost of setting up and establishing a Revenue approved share option scheme for the benefit of employees. Under a share option scheme approved by the Revenue Commissioners, an employee is subject to Capital Gains Tax on any profit made on ultimate disposal of the shares. To qualify for approval, the scheme must be open to all employees on similar terms.

NATIONAL SOCIAL INSURANCE

Social security in Ireland is provided by means of social welfare insurance known as pay related social insurance (PRSI). It is compulsory for all employees aged 16 or over to be covered by social insurance. Both employers and employees contribute towards the scheme and the contributions are calculated as a percentage of earnings.

2019 Employee contributions are as follows:

- Employees earning EUR 352 or less per week are exempt from PRSI.
- Employees earning over EUR 352 pay 4% PRSI on all earnings. A PRSI credit was introduced in 2016 which reduces the amount of PRSI payable for people earning between €352.01 and €424 per week. The credit is tapered and the amount of the credit depends on their earnings. The maximum credit is €12.
- Employees earning between €352.01 and €424 per week, the maximum credit of €12 is reduced by one-sixth of the amount of their weekly earnings over €352.01.

All foreign employees working in Ireland for more than one year must make social insurance contributions, even if they are paid from abroad. The only exceptions are EU nationals who are contributing in another member country or persons from a country with which Ireland has a social security agreement.

An employer's contribution to PRSI:

- Employers pay 8.8% Class A employer PRSI on weekly earnings up to €398.
- Employers pay 11.05% Class A employer PRSI on weekly earnings over €398.

UNIVERSAL SOCIAL CHARGE

The universal social charge (USC) is a tax that has replaced both the income levy and the health levy (also known as the health contribution) since 1 January 2011.

The USC is a tax payable on gross income where gross income is more than EUR 13,000 per year (including notional pay) after any relief for certain capital allowances, but before pension contributions. It is calculated on a weekly or monthly basis.

A person is liable to pay the USC on all of their Irish income and also on foreign income if it is remitted into the state.

It does not apply to social welfare or similar payments, and there are certain other exemptions.

People with an income of EUR 13,000 or less continue to be exempt from USC. Once income is over this limit, the relevant rate of USC applies on all income.

The standard rates of USC are shown in Table 3.

The standard rates and thresholds of USC are:

Standard rates and thresholds of USC for 2021

2021	Rate
First €12,012	0.5%
Next €8,675	2%

Next €49,357 4.5%
Balance 8%

TABLE 3

USC rates, 2021

STANDARD RATES	RATE
First EUR 12,012	0.5%
Next EUR 8,675	2%
Next EUR 49,357	4.5%
Balance	8%

There is a surcharge of 3% on individuals who have non-PAYE income that exceeds EUR 100,000 in a year.

Further information can be found on the Revenue website www.revenue.ie

OTHER PERSONAL TAXES

Individuals are liable to other taxes where appropriate including capital gains tax, capital acquisitions tax and stamp duty.

7 – ACCOUNTING & REPORTING

It is a legal requirement that all businesses maintain proper books of accounts for taxation purposes. All such records must be retained for a period of six years.

STATUTORY AUDIT

Irish incorporated companies are required to have their financial accounts 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 accounts 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 all these elements, a formal (unqualified) audit report will be issued.

Small companies are exempt from having financial statements audited. To qualify for the exemption a company must satisfy all of the following conditions:

- A turnover of less than EUR 12,000,000
- A balance sheet total of less than EUR 6,000,000
- An average number of employees fewer than 50.

This exemption does not apply to:

- Parent companies and their subsidiaries, (where the combined size criteria are breached)
- Banks and financial institutions
- Insurance companies
- Financial intermediaries
- Any company that files a late annual return.

This is an exemption from an audit only. It does not obviate the need to prepare financial statements or file them in the Companies Office.

In the year concerned, the annual return and accounts must be filed at the Companies Office within the time limit specified in the Companies Act.

ACCOUNTS

ACCOUNTING PRINCIPLES

Irish accounting principles conform to International Accounting Standards (IAS).

There are differences between these principles and US generally acceptable accounting principles (US GAAP). Any differences in standards will be eliminated when international financial reporting standards (IFRS) are fully adopted. All companies are currently free to prepare their accounts under IFRS. The latest suite of financial reporting requirements FRS102 for small/medium-sized enterprises (SMEs) is applicable for accounting periods commencing 1 January 2015.

ACCOUNTING DATE

The accounting date is at the discretion of the company and can be changed at any time by a resolution of the directors.

ANNUAL GENERAL MEETING

Where a company has more than one shareholder, the Companies Acts require that an annual general meeting (AGM) be held each year so that the accounts can be put before the members. The first AGM of the company must be held within 18 months of the date of incorporation of the company and thereafter within nine months of the end of the company's accounting period and within 15 months of the previous AGM. A single member company may, if it wishes, dispense with AGMs.

ANNUAL RETURN

An annual return must be prepared each year on the annual return date (ARD) allocated to the company, together with abridged audited accounts (where applicable). There are exceptions to the requirement to submit audited accounts as outlined previously.
An Annual Return Date (ARD) of a company is the latest date to which an annual return must be made up. The annual return must be filed with the CRO within 56 days of the date to which it is made up. A company can bring forward their Annual Return Date or depending on the circumstances, extend the ARD to a later date.

Late filing of annual returns attracts penalties and is an indictable offence under the Companies Acts. The Registrar of Companies has extensive powers to ensure timely compliance. New companies must file an annual return six months after the date of incorporation and thereafter annually.

8 – UHY REPRESENTATION IN IRELAND

CONTACT DETAILS

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CONTACTS

Liaison contact: Alan Farrelly
Position: Managing Director
Email: alanfarrelly@fdw.ie

SOCIAL MEDIA CONNECTIONS

• Facebook:
www.facebook.com/pages/UHY-Farrelly-Dawe-White/122440707804445?sk=app_208195102528120
• LinkedIn: ie.linkedin.com/pub/uhy-farrelly-dawe-white/11/595/4b2
• Twitter: twitter.com/uhy_fdw
• YouTube:
https://www.youtube.com/channel/UCgCaRcxymXBHEfH5qdTJD6g?view_as=subscriber

Year established: 1989
Number of partners: 5
Total staff: 64

ABOUT US

Best Advice, Better Results

OTHER IN-COUNTRY OFFICE LOCATIONS AND CONTACTS

Dublin Office:
4 Waterloo Road
Dublin 4
Ireland

Balbriggan Office:
4A Fingal Bay Business Park
Balbriggan
Co. Dublin
Ireland

Newry Office:
6 Margaret Street
Newry
Co. Down
BT34 1DF

BRIEF DESCRIPTION OF FIRM

We are one of the leading assurance and advisory firms based on the M1 corridor, on the east coast of Ireland. Our head office, located in Dundalk, is ideally situated at the mid-point of the M1 Trade Corridor, between the two capital cities, Dublin and Belfast, which allows us easy access to all key business centres. Our firm, established in 1989, has developed to become the largest firm in the North East. We have 3 additional offices in Balbriggan, Newry and Dublin and we currently employ in excess of 70 staff across all of our service disciplines, all of whom are committed to adding value to clients.

SERVICE AREAS

Audit & Assurance
Taxation Advice and Compliance
Corporate Compliance
Private Clients
Business Advisory
Corporate Finance
Cloud Accounting
Payroll & Executive Payroll
Forensic Accounting
Insolvency

SPECIALIST SERVICE AREAS

Management Services - budget and management accounts
Corporate & Personal Tax Planning
Wealth Management

PRINCIPAL OPERATING SECTORS

Agriculture, Forestry & Fishing
Biotech & Pharma
Construction
Craft Beer & Distilleries
Financial, Insurance & Professional Services
Hospitality
Manufacturing
Medical & Healthcare
Transport & Storage
Technology & Software
Wholesale & Retail
Motor

LANGUAGES

English, Irish Gaelic.

OTHER COUNTRIES IN UHY CURRENTLY WORKING WITH, OR HAVE WORKED WITH IN THE PAST

France, Germany, Netherlands, Poland, Romania, Spain, United Kingdom & Scotland and United States

BRIEF HISTORY OF FIRM

UHY FDW has been in existence for 30 years now, having been established in 1989 by the founding partners Alan Farrelly and Kevin Dawe. The practice has grown significantly since that period and now operates out of 4 offices in Dundalk, Balbriggan, Dublin and Newry. The firm has 5 directors and employs in excess of 70 staff to service our clients.

UHY FDW became a member of UHY International in 2008 to further enhance the service offerings provided to our clients by expanding the international capabilities of the firm.

We are over 30 years in business, during which time the firm has grown from strength to strength and that milestone could not have been reached without having a team of highly qualified professionals in the firm to deliver outstanding service to our clients.

LET US HELP YOU ACHIEVE FURTHER BUSINESS SUCCESS

To find out how UHY can assist your business, contact any of our member firms. You can visit us online at www.uhy.com to find contact details for all of our offices, or email us at info@uhy.com for further information.