

# Doing Business in Ireland



# 1.1 Partners

## Neil Hughes | Managing Partner

Contact Details:

E: [neil.hughes@bakertillyhb.ie](mailto:neil.hughes@bakertillyhb.ie)

## Kieran McCarthy | Partner | Audit and Advisory

Contact Details:

E: [kieran.mccarthy@bakertillyhb.ie](mailto:kieran.mccarthy@bakertillyhb.ie)

## Stephen McGivern | Partner

Contact Details:

E: [stephen.mcgivern@bakertillyhb.ie](mailto:stephen.mcgivern@bakertillyhb.ie)

## Alma O'Brien | Partner | Head of Tax

Contact Details:

E: [alma.obrien@bakertillyhb.ie](mailto:alma.obrien@bakertillyhb.ie)

## Donal Leahy | Partner | Tax

Contact Details:

E: [donal.leahy@bakertillyhb.ie](mailto:donal.leahy@bakertillyhb.ie)

## Aidan Kearney | Partner | Advisory and Assurance

Contact Details:

E: [aidan.kearney@bakertillyhb.ie](mailto:aidan.kearney@bakertillyhb.ie)

## Anthuan Xavier | Chairman

Contact Details:

E: [anthuan.xavier@bakertillyhb.ie](mailto:anthuan.xavier@bakertillyhb.ie)

## Baker Tilly Office Locations







## 1.2 Preface

This guide has been prepared by Baker Tilly Hughes Blake, an independent member of Baker Tilly International. It is designed to provide information on a number of subjects important to those considering investing or doing business in Ireland.

Baker Tilly International is the world's 8th largest network of independent accounting and business advisory firms by combined fee income, and is represented by 165 firms in 141 countries and 28,000 people worldwide. Its members provide high quality accounting, assurance, tax and specialist business advice to privately held businesses and public interest entities.

Doing Business in Ireland has been designed for the information of readers. Whilst every effort has been made to ensure accuracy, information contained in this guide may not be comprehensive and recipients should not act upon it without seeking professional advice. Facts and figures as presented are correct at the time of writing.

November 2016

# Contents

## **1: About Us**

1.1 Meet our Partners	2
1.2 Preface	3
1.3 Fact Sheet	5
1.4 Why Choose Ireland	7

## **2: Business Entities and Accounting** **9**

2.1 Companies	9
2.2 Partnerships	10
2.3 Sole Proprietorship	10
2.4 Branches	10
2.5 Trusts	10
2.6 Audit and Accounting Requirements	11
2.7 Filing Requirements	12

## **3: Finance and Investment** **13**

3.1 Exchange Control	13
3.2 Banking and Sources of Finance	13
3.3 Opening an Irish bank account	13
3.4 Non residents	14
3.5 Residents	14
3.6 List of Irish Banks	14

## **4: Employment Regulations** **15**

4.1 General Employment Matters	15
4.2 Visas and Permits	16

## **5: Taxation** **17**

5.1 Corporate Income Taxes	17
5.2 Personal Taxes	20
5.3 Employment Related Costs and Taxes	21
5.4 Withholding Taxes	22
5.5 Value Added Tax (VAT)	23
5.6 Other Taxes	23
5.7 Tax Incentives for Businesses	24

## **6: Irish Labour Market** **27**

6.1 Employee Benefits	27
-----------------------	----

## **7: Real Estate** **29**

7.1 Estate Agents	29
7.2 Qualifications	29
7.3 Fees	29
7.4 Viewing	29

## **8: Utilities** **30**

8.1 Electricity/Gas	30
8.2 Phone and Internet Providers	31

# 1:3 Fact Sheet

Facts and figures as presented in sections 1 through 4 are correct as at November 2016.

## Geography

Location:	Western Europe
Area:	84,000km <sup>2</sup>
Land boundaries:	Northern Ireland
Coastline:	Atlantic Ocean and Irish Sea, both connected by St George's Channel; the area to the south of Ireland is known as the Celtic Sea
Climate:	Temperate
Terrain:	Agricultural lowlands
Time zone:	GMT

## People

Population:	4.64m (November 2016 estimate)
Ethnic groups:	Caucasian Irish (85.8%), other Caucasian (9.3%), Asian (1.9%), African (1.3%), other/mixed (1.5%) (2011 census)
Religion:	Catholic (84.2%), Church of Ireland (2.8%), other/none (13%)
Language:	English and Gaelic

## Government

Country name:	Ireland (Eire)
Government type:	Democratic republic
Capital:	Dublin
Administrative divisions:	Ireland is divided into 26 counties and five cities. Most government services in Ireland are centralised, but local governments continue to have responsibility for local roads and planning, among other things.

## Political situation

There are two elected political houses, the lower house of parliament (known as the Dáil, comprising 166 seats) and the Senate (known as the Seanad Éireann, comprising 60 seats). Members of the Dáil are elected by popular vote for a five-year term. In the Seanad Éireann, 6 members are elected by universities, 43 are elected from public representatives put forward by vocational panels, and 11 are nominated by the prime minister (known as the Taoiseach), each for five-year terms. The Taoiseach is head of government; the head of state is the President, who is elected by popular vote for a seven-year term, although the President has virtually no political power. Ireland is a European Union (EU) member state. Legislative provision is made to consult the people on matters of national importance, through referendum. Irish law is founded in its constitution, first adopted in 1937.

## Economy

GDP – per capita:	€53,314 (2016)
GDP – real growth rate:	4.8% (2016)
Labour force:	2.18 million (2016)
Unemployment:	9.7% (November 2016)

Currency: Euro (€)





## 1.4 Now you have all the facts, why choose Ireland?

The attraction of Ireland as a business location can be largely attributed to the positive approach of successive Irish governments and their agencies to the development of inward investment, its membership of the European Union, a very competitive corporate tax rate and a highly qualified, innovative and flexible labour pool. In addition, Ireland remains increasingly aware of the importance of cost competitiveness with other EU member states and the Irish Government continues to address this issue. Over 1,000 overseas companies have chosen Ireland as their base from which to do business. These companies are involved in a wide range of activities in sectors as diverse as communication, engineering, technologies, information, pharmaceuticals, healthcare, financial and internationally traded services. Ireland is the sixth easiest country in the world in which to pay business taxes. This is according to a new report issued by PricewaterhouseCoopers, the World Bank and IFC entitled "Paying Taxes 2016 - The Global Picture".



## **Why is Ireland a prime location for many of the world's leading businesses?**

### **Tax is one reason:**

- Ireland has a very competitive corporate tax rate which will continue to remain at 12.5%. Each successive government is committed to the 12.5% corporate tax rate and it is firmly committed to by all of the main political parties who share the view that the rate is not for changing upwards.
- Ireland's 12.5% tax rate is legitimate, fully consistent with European policy and accepted by the European Commission as not representing harmful tax competition.
- The Irish Government's commitment to the 12.5% Corporation Tax rate is protected in an EU context by the principle of unanimity in taxation matters.
- Ireland also offers an attractive regime for holding companies and their shareholders with advantages such as:
  - An exemption for Irish resident holding companies from Irish Capital Gains Tax on the disposal of certain qualifying subsidiaries.
  - Favourable treatment of foreign dividend income.
  - Exemptions from Irish withholding taxes on dividends and interest payments made to non-Irish residents.
  - No thin capitalisation rules.

### **Other factors include:**

- Excellent third level graduate skills availability and business and technical knowledge.
- A robust legal system that makes Ireland one of the best places in the world to protect intellectual property.
- Benefits of EU membership and of being an English speaking jurisdiction in the euro-zone.
- An extensive and expanding double tax treaty network with close to 72 countries, including the UK and the US.
- A reputation for flexibility and responsiveness second to none – companies here talk of the Irish 'can do' attitude, a commitment to team work, our agility and productivity.
- Ease of global communication (language and time differences and telecom infrastructure).
- One of the most global and open economies in the world.
- Excellent multi lingual availability.



# 2: Business Entities and Accounting

## 2.1 Companies

### 2.1.1 Private companies limited by shares

A private company limited by shares must have a minimum of one director and a secretary. The number of members must be limited to 149 (not including employees), and the company is prohibited to invite the public to subscribe for any shares or debentures of the company. The Companies Act 2014 provides specific circumstances in which the company may offer or allot debentures. The company members may transfer their shares subject to any restrictions in the company's constitution or legislation. Single member private limited companies are popular for several reasons, including that a shareholder's liability is limited to what they have subscribed for their shares in the company. A designated activity company (DAC) limited by shares is similar to a private company limited by shares. The main difference is that the activities of the company are limited to the company's objects as stated in the memorandum, and a minimum of two directors is required.

### 2.1.2 Public limited companies

A public company (PLC) may be formed by one or more persons. Subject to the satisfaction of legislative requirements and the company's constitution, a PLC may offer, allot, and issue securities to the public. The Irish Stock Exchange operates three markets for securities:

- The Main Securities Market (MSM) for the securities of Irish and overseas companies,
- The Enterprise Securities Market (ESM) for small to mid-sized companies, and
- The Atlantic Securities Market (ASM) for European and United States listings.

The Irish Stock Exchange also offers listings to unit trusts and UCITS. These listings on the investment fund market are available to both Irish and foreign funds. The authorised minimum share capital for a PLC is €25,000, or a greater sum as determined by Ministerial Order, of which at least 25% must be fully paid up. A PLC must have at least two directors and a secretary.

### 2.1.3 Companies limited by guarantee

Companies limited by guarantee are usually charitable or non-profit-making organisations. They typically have a low commercial risk and are formed without share capital. This type of company may be formed by one or more persons who, in effect, are the guarantors. A guarantor agrees to contribute a nominal amount, which is typically quite small, on the winding-up of the company in the event of a shortfall of assets at that time. A designated activity company (DAC) is a private company limited by guarantee that may be formed by one or more persons. The activities of the company are limited to the company's objects as stated in the memorandum, the maximum number of members is 149, and a minimum of two directors is required.

### 2.1.4 Unlimited companies

There are three forms of unlimited company: the private unlimited company (ULC), the public unlimited company (PUC), and the public unlimited company with no share capital (PULC). An unlimited company may be formed by one or more persons. The members of an unlimited company have unlimited liability.

## 2.2 Partnerships

Partnerships are defined by law as the existence of a relationship between two or more people to carry on a business with a view to profit. A partnership is not a separate legal entity. Partners are jointly and severally liable for any debts of the partnership and usually take an active part in the business. It is possible to form partnerships with limited liability, in which there must be at least one general partner (which may be a company) that has unlimited liability. Limited partners are liable to the extent of their investment, and cannot take part in the running of the partnership nor have the power to enter into binding contracts on behalf of the partnership.

## 2.3 Sole Proprietorship

A sole proprietor is an individual who owns and operates a business. A sole proprietorship is not a separate legal entity from its owner, and the costs of setting up the business are minimal. The proprietor is subject to unlimited liability.

## 2.4 Branches

A foreign company can set up a branch in Ireland instead of a limited company. A branch is not considered a separate legal entity and all legal responsibilities and liabilities are with the parent company. At least one person resident in Ireland must be nominated to act on behalf of the company and to sign Companies Registration Office (CRO) forms and other documentation.

## 2.5 Trusts

### 2.5.1 Unit trusts and UCITS

A unit trust is a collective investment undertaking where investors hold units in a trust; it is not deemed to be a company. The trustees can redeem the units of a unit holder in return for the investor's proportionate share of the assets held by the unit trust. An Undertaking for Collective Investment in Transferable Securities (UCITS) can take one of three forms:

- An authorised unit trust
- A common contractual fund, or
- An investment company.



Trustees of a unit trust generally are subject to tax on the profits and gains of the trust. Distributions of capital to the unit holders are treated as partial disposals of the units. Authorised unit trusts and all forms of UCITS are taxed as collective investment undertakings (CIUs). A CIU is not taxable on its profits, and instead applies an exit tax on payments to unit holders, subject to exemptions. Where exit tax arises, the tax rate depends on the circumstances of the investor and the type of payment (ie regular, non-regular or as a result of disposal).

### **2.5.2 Real estate investment trusts (REITs)**

A REIT is intended to attract foreign investment in the property market, and must:

- Be resident in Ireland for tax purposes
- Not be a closely held company (ie a company under the control of five or fewer participators or under the control of its directors)
- Be listed on a principal EU/EEA stock market
- Be free of taxation on income and gains, and
- Meet certain minimum criteria regarding its status as a rental property investment business.

Shareholders of a REIT are generally liable for tax on gains and income from investments in the REIT.

## **2.6 Audit and Accounting Requirements**

Companies must keep proper accounts that reflect a true and fair view of their financial affairs. Details for the accounts, along with (where required) a directors' report and an auditor's report, must be presented at the annual general meeting (AGM), or be submitted to the company's members if an AGM is not held. The annual accounts and the directors' report must be signed, on behalf of all directors, by two directors where there are two or more directors. Limited companies must file annual returns with the CRO, to which must be annexed the annual accounts, directors' report and auditor's report.



Small companies are exempted from the full annual accounts requirements if they satisfy two of the following three conditions:

- The balance sheet total does not exceed €4.4m
- Annual turnover does not exceed €8.8m
- The company employs no more than 50 staff.

An audit exemption may also apply, although other certification requirements would have to be met. Medium-sized companies are exempted from the full annual accounts requirements if they satisfy two of the following three conditions:

- The balance sheet total does not exceed €10m
- Annual turnover does not exceed €20m
- The company employs no more than 250 staff.

Such exemption must be certified by the auditor.

For group companies, the parent must prepare consolidated accounts for the whole group and present those accounts, along with its own accounts, at the AGM. Some groups may be exempt from the consolidated accounts requirement, for example in certain situations in which the parent is a private limited company (as described in 2.1.1).

## 2.7 Filing Requirements

Annual returns, along with annexed directors' and auditor's reports where required, must be filed with the CRO within 28 days of the date to which the annual return is made up. The annual return date may be extended by application to the court. The court may grant an extension if it is satisfied that it would be just to do so.



## 3: Finance and Investment

### 3.1 Exchange Control

There are no restrictions on foreign currency exchange or the import or export of capital. Both residents and non-residents may hold bank accounts in any currency.

### 3.2 Banking and Sources of Finance

The government controls the Irish banking system through the Central Bank of Ireland. The banking sector is a mature and comprehensive system of both private and state institutions. The Central Bank of Ireland's primary functions are in relation to monetary policy, banking regulation and supervision. Day-to-day business financial management is usually by way of overdraft with the business's bank. Financing for larger or one-off business requirements is usually by way of bank loan, negotiated at fixed or variable interest rates.

The Bank of Ireland has established a Seed and Early Stage Equity Fund (SESEF) for small and medium-sized enterprises, which can invest between €100,000 to €500,000 in early stage and start-up businesses. Also available through the Bank of Ireland, and as part of SESEF, is the MedTech Accelerator Fund, which focuses its funding on certain export oriented life sciences companies; the investment amounts offered are the same as for SESEF. The Irish Stock Exchange is supervised by the Bank of Ireland. It operates a Main Securities Market that lists and trades equities, debt securities, funds and Irish Government bonds. Its Enterprise Securities Market is designed for small and medium-sized companies, its Global Exchange Market is designed for professional investors, and its Atlantic Securities Market is for European and United States listings.

### 3.3 Opening an Irish Bank Account

It is best to open an Irish bank account in person, rather than by correspondence from abroad. In fact, most Irish banks will insist on seeing you in person before they will open an account for you. You must be aged at least 18 and provide two forms of identification (including one with a photograph, such as a passport) plus proof of residence in Ireland (e.g. a recent utility bill) if applicable. If you need to open an account with an Irish bank from abroad, you must first obtain an application form, available from foreign branches of Irish banks or direct from banks in Ireland. If you open an account by correspondence, you need to provide evidence of your place of residence and, if you're depositing a large sum of money, confirmation of where the funds originated.

Credit rating is calculated differently in Ireland from other countries, supply as much information as possible about your financial status in your present country of residence. If you're leaving a country where credit rating is important, such as the USA, and to which you may return later, it's worth asking your bank or credit card company if you can maintain a credit card rating while resident abroad, as credit cards invoiced in Europe won't show in credit records in the USA. The Irish Credit Bureau is a private company operating a credit referencing system. For a small fee you may have access to your own file and challenge or request clarification of any details you believe to be incorrect or potentially misleading.



### 3.4 Non-residents

Since Ireland became a full member of the European Union, banking regulations for both resident and non-resident EU citizens have been identical, so that even non-resident EU citizens may open an Irish bank account. Although it's possible for non-resident homeowners to do most of their banking via a foreign account using debit and credit cards, you will still need an Irish bank account to pay your Irish utility and tax bills. If you have a holiday home in Ireland, you can have all your correspondence (e.g. cheque books, statements, payment advices, etc.) sent to an address abroad. Most banks offer non-resident savings accounts in which you can deposit money in virtually any major currency without incurring handling or administrative charges. In addition to ordinary deposit accounts, you may have the option of a term deposit account (in which you must leave your money for an agreed term of up to 12 months) or guaranteed bonds (which are for cash deposits of between 18 and 78 months with a minimum deposit). Occasionally banks come up with 'special offers' for non-residents like the Bank of Ireland's Double Option account. To open a non-resident savings account, you'll need to provide proof of identity or a reference from your current bank. Non-residents can have interest paid gross in Ireland, provided that the relevant statutory documentation has been completed. You may, however, have tax liabilities in your home country on income earned in Ireland.

### 3.5 Residents

You're considered to be a resident of Ireland if you have your main centre of interest there. The procedure for opening a bank account is no different whether you're a resident or a non-resident, but residents are subject to tax on all interest earned whereas non-residents are entitled to earn interest on deposits free of Irish tax. Even when you're resident in Ireland, it is cheaper to keep money in local currency in an account in a country you visit regularly (such as the UK), rather than pay commission to convert euros. Many non-nationals living in Ireland maintain at least two cheque accounts: a foreign account for international and large transactions, and a local account with an Irish bank for day to day business.

### 3.6 List of Irish Banks

1. Allied Irish Bank (AIB)
2. Bank of Ireland (BOI)
3. Ulster Bank
4. Permanent TSB
5. KBC





# 4: Employment Regulations

For employment tax considerations, see 5.3.

## 4.1 General Employment Matters

### 4.1.1 Employment contract

Employment contracts do not have to be in writing, but as soon as a person starts to work for an employee for a regular wage or salary, a contract of employment is automatically deemed to be in place. All employees must receive, within two months of commencing employment, written terms of employment, which should include the following information:

- Names of employer and employee
- Employer's address or address of the company's principal or registered office
- Place of work
- Job title or nature of work
- The employment start date
- The expected duration of the contract if it is temporary
- Rate or calculation method of pay and remuneration intervals
- Hours of work
- Details of paid leave
- Sick pay and pension (if any)
- Notice period to quit by employer or employee.

The contract can include a probationary period, and details of whether this can be extended. A national minimum hourly rate of pay applies to most working adults. Generally, the working week is limited to an average of 48 hours; there is no obligation for employers to pay higher hourly rates of pay for overtime. Employees are entitled to annual holiday of four working weeks, not including the nine public holidays (although certain exceptions apply).

### 4.1.2 Trade unions and employee representation

Employees have the right to join a trade union; however, employers are not legally obliged to negotiate with unions on behalf of their employees. Certain forms of employment (such as in agriculture, cleaning, hairdressing and certain hotels) can benefit from joint labour committee (JLC) agreements, which set conditions of employment in relation to pay. Companies can seek exemption from complying with JLC agreements if they are in financial difficulty.

## 4.2 Visas and Permits

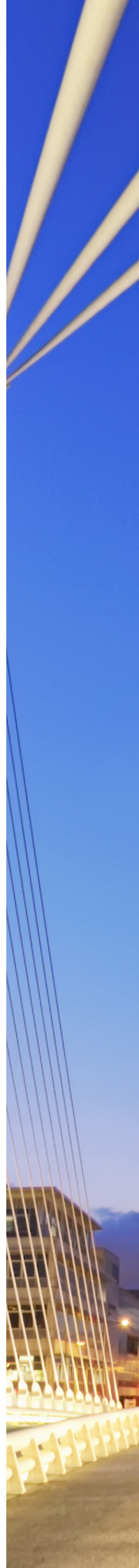
Entry visas for temporary stays are not required for citizens of EU/EEA member states and other countries with which Ireland has visa agreements, including the US, Japan, Canada and Switzerland.

Citizens from other countries require a visa. A short stay “C” visa permits entry for up to 90 days. A long stay “D” visa is required for visits exceeding three months. If the visa does not permit the required length of stay, a residence permit must be obtained.

All European Economic Area (EEA) and Swiss nationals are allowed to work in Ireland without a work permit. Non-EEA/Swiss nationals require the relevant employment permit. The types of employment permit include:

- The general employment permit (previously the work permit), for occupations experiencing a shortage of skills or labour, and
- The critical skills employment permit (formerly green card), which encourages highly skilled employees into the labour market and to take up permanent residence in Ireland.

In both cases, an offer of employment must have been made by a company registered with the Revenue Commissioners and the CRO (if applicable). For a general employment permit, the minimum annual salary is €30,000 (although exceptions apply for newly qualified students and applicants with specialist language skills). General employment permits are usually issued for an initial two-year period, but can be extended for a further three years. After five years in total, the employee can apply for long-term residence in Ireland. For a critical skills employment permit, the minimum annual salary is €30,000 for a restricted number of strategically important jobs on the Highly Skilled Eligible Occupations List; or at least €60,000 for other occupations. Critical skills employment permits are available for employment offers of at least two years; after 60 months of working in Ireland on a critical skills employment permit, the employee can apply for long-term residence there.



# 5: Taxation

Facts and figures as presented in section 5 are correct as at November 2016

## 5.1 Corporate Income Taxes

Resident companies are liable to corporation tax on their worldwide income.

Non-resident companies are taxed on their income from sources in Ireland, subject to the terms of any relevant double tax treaty. Under general rules resulting from case law, a resident company is defined as having its central management and control exercised in Ireland, regardless of whether it is incorporated there. Under more recent legislation, a company incorporated in Ireland is also defined as resident there, subject to the following exceptions:

- It is a relevant company (see below) either carrying on a trade in Ireland, or related to a company that carries on a trade there (the so-called “trading exemption”), or
- It is not regarded as resident in Ireland under the terms of a tax treaty (the so-called “treaty exemption”).

A “relevant company” is defined as a company:

- Ultimately controlled by a resident in the EU (but see below regarding companies which are not subject to taxation in that EU country), or in a country with which a double tax treaty has been concluded with Ireland, or
- Related to a company whose principal class of shares is substantially and regularly traded on one or several recognised stock exchanges in the EU or in a tax treaty country.

Companies registered in Ireland, but with management and control from a country in the EU or a country with which Ireland has a tax treaty, are subject to Irish taxation if they are not subject to tax in the other country because they are not registered there. New companies incorporated in Ireland from 1 January 2015 will be deemed resident in Ireland for tax purposes unless they are resident in a jurisdiction which has concluded an applicable tax treaty with Ireland. For existing companies incorporated in Ireland, a transition period will apply until the end of 2020.





The rates of corporation tax are 12.5% for trading profits and 25% for passive income, such as interest. A 25% rate also applies to certain excepted operations in land development, minerals and petroleum activities.

Foreign dividends received by Irish companies are normally subject to tax at 25%. Dividends from EU and tax treaty countries may be taxed at 12.5% however, provided they meet certain conditions, in particular that the dividend is paid out of trading profits.

Capital gains from the disposal of shares in a company falling under the trading exemption or treaty exemption rules (see above) are exempt from tax, provided that:

- The holding in the company represents at least 5% of its share capital and has been owned for a continuous period of at least 12 months in the preceding two years, and
- The investee company is a trading company or a member of a trading group and does not derive the greater part of its value from Irish real estate.

Losses arising on the disposal of such shares are not available for relief against other gains.

Capital gains from the disposal of other assets are taxed at 33%.

Capital losses can be carried forward indefinitely for relief against future capital gains. Capital losses cannot be carried back and offset against previous years' gains. Restrictions apply to carrying forward losses relating to development land and where bank debt for the acquisition of the asset is released in whole or in part.

Trading losses can be carried forward indefinitely and offset against any future trading profit. Current year trading losses can be relieved against profits of any kind (including capital gains other than development land gains) in the same or the preceding year on a value basis; the carry back period increases to three years for trading losses incurred in the final period of trading.



Restrictions apply to the carrying forward of trading losses for future relief if there is a substantial change in the ownership of the company and in the nature of its activities. There is no provision for groups of companies to file consolidated returns. However, a system of group relief applies, under which a company in a group can claim relief for trading losses incurred by other companies in the group. Companies are part of a group where one is a 75% subsidiary of the other or both are 75% subsidiaries of a parent.

For Irish resident parent companies, this facility extends to trading losses incurred by subsidiaries in other EU member states. Losses generated from petroleum activities cannot be offset in this manner.

Companies must file their corporation tax return within nine months of the end of their accounting period, which need not correspond to the calendar year.

Companies with a tax liability in the preceding year of more than €200,000 must make advance payments of tax by the 23rd day of the sixth and eleventh months of their accounting periods, the first based on 50% of the preceding year's liability or 45% of the current year's liability, the second sufficient to bring the advance payments to a total of 90% of the current year's liability. Other companies must make an advance payment of tax by the 23rd day of the eleventh month of their accounting period, equivalent to either 90% of the current year's liability or 100% of the preceding years liability. Interest at 0219% per day/part of day is charged if advance payments prove to be deficient. The balance of the tax liability is payable nine months after the end of the accounting period, when filing the annual corporate tax return.



## 5.2 Personal Taxes

Resident individuals are, in general, liable to income tax on their worldwide income. Resident individuals who can demonstrate that they are domiciled abroad are taxed on their foreign income on a remittance basis. Non-resident individuals are taxed on their income from sources in Ireland, subject to the terms of any relevant double tax treaty. The personal income tax rates for 2017 are as follows:

Taxable Income	Tax Rate
Single person:	
€0 – €33,800	20%
over €33,800	40%
Single or widowed parent:	
€0 – €37,800	20%
over €37,800	40%
Married couples and civil partners (on one salary):	
€0 – €42,800	20%
over €42,800	40%
Married couples and civil partners (on two salaries):	
€0 – €67,600	20%
over €67,600	40%

Personal tax credits are taken into account after calculating tax at the above rates. For 2017, the tax credit for a single person is €1,650; for a married couple or civil partnership, the credit is €3,300. Additional credits are available for one-parent families, employees, home carers and rent tax relief (the last of which is due to be phased out by 2018). A universal social charge (USC) applies to gross income with few deductions allowed. The top rate of USC is 8%, on employment income in excess of €70,044. An additional 3% surcharge applies to self-employed individuals on income above €100,000.

Capital gains are generally taxed at 33%. Foreign domiciled individuals are taxed on their foreign gains on the remittance basis. Irish specified property, as defined, is subject to capital gains tax, regardless of residence. An entrepreneur rate of 10% applies from 1 January 2017 (previously 20%) in regard to the disposals of certain relevant business disposals on first €1M in capital gains.

Capital acquisitions tax is charged on the recipients of gifts and of property passing on death if those assets are situated in Ireland or if either the donor or the recipient is resident or ordinarily resident in Ireland. Gifts and inheritances between spouses are exempt, and there are reliefs for business and agricultural property. Individuals are entitled to exemption thresholds determined by their relationship to the donor. Cumulative gifts and inheritances in excess of the thresholds are taxed at 33%.

There is no wealth tax, but a €200,000 annual levy is payable by individuals who:

- Are domiciled in Ireland
- Have property in Ireland valued at over €5m
- Have worldwide income of more than €1m per year, and
- Have an annual Irish income tax liability of less than €200,000. Any Irish income tax paid in the tax year can be credited against the levy.

The levy is paid annually where the above conditions are met.



## 5.3 Employment Related Costs and Taxes

### 5.3.1 Payroll and social security taxes

A pay as you earn (PAYE) system of tax collection requires employers to deduct tax from all salary payments and remit it directly to the tax authority. The tax authority advises the employer of the PAYE rate to be deducted from employees' salaries, along with a notice of determination of tax credits and standard rate cut-off points. If an employee receives salary from more than one employer, the tax authority may divide the tax credits among the employments and will advise each employer of the tax rate to be deducted. Employers are required to make pay-related social insurance (PRSI) contributions at the rate of 10.75% of employees' earnings, with a reduced rate of 8.5% applying in respect of employees earning less than €356 per week. Employees must pay PRSI contributions of 4% of their earnings. Those earning not more than €352 per week are exempt. Employees aged between 16 and 65 (inclusive) must also pay PRSI on their unearned income including rental income, dividends and interest payments.

### 5.3.2 Fringe benefits

Virtually all cash allowances paid and benefits provided to employees are treated as part of salary and are taxed at source under the PAYE system. Only expenses "wholly, exclusively and necessarily incurred in the performance of the duties" of the employment are deductible. This rule is strictly and narrowly interpreted. When an employer reimburses an employee for actual expenses incurred in the performance of the duties, no tax arises. However, round sum expenses must be included as part of salary. It is then up to the employee to make a claim for a deduction from the tax authority by submitting details of the actual expenses incurred wholly, exclusively and necessarily in the performance of his or her duties.

### 5.3.3 Relocation benefits

Relocation expenses are normally deductible expenses for the employer. In practice, such payments would not be taxed as a benefit to the employee.

Employees moving to Ireland who will be Irish tax resident in the following year may apply for a split year treatment. Where this treatment applies, their employment income earned in the year prior to their arrival in Ireland will not be subject to Irish taxes.

Provision of family holidays in a foreign employee's home country gives rise to a taxable benefit to the employee. Free accommodation provided by an employer is a taxable benefit in kind. If an employer pays school fees on behalf of an employee, they are taxable benefits.



## 5.4 Withholding Taxes

### 5.4.1 Domestic payments

Withholding tax rates apply to the following payments made to recipients in Ireland:

	Tax Rate
Dividends	20%
Interest	20%/41% <sup>1</sup>
Royalties	20%

<sup>1</sup> The 41% rate, known as “deposit interest retention tax” (DIRT), is generally withheld at source from deposit accounts with financial institutions operating in Ireland. Dividend payments are exempt from withholding tax if paid to another resident company, and to a company benefiting from the trading or treaty exemption rules (see “Corporate Income Taxes” above). For interest payments, exemptions or refunds apply for people aged over 65 and people with disability. A purchaser of certain categories of assets with a purchase price in excess of €500,000 for commercial property and €1M for residential property must withhold 15% from the proceeds unless the vendor supplies a certificate from the tax authority stating that withholding is not required.

### 5.4.2 Payments abroad

Withholding tax rates apply to the following payments made to recipients abroad:

	Tax Rate
Dividends	20%
Interest	20%
Royalties	20%

Under the terms of the legislation implementing the EU Parent-Subsidiary Directive, dividends are exempt from withholding tax if they are paid to a connected company in the EU, subject to certain rules including a 5% or more shareholding in the paying company.

Similarly, no withholding tax on Interest or royalties to companies in the EU under the Interest Royalties Directive provided that the companies meet certain conditions in relation to share ownership and period of ownership.

Dividend payments made to a company benefiting from the trading or treaty exemption rules are also exempt (see “Corporate Income Taxes” above). For payments made to recipients in countries with which Ireland has a double tax treaty, the rates of withholding tax may be reduced under the terms of the treaty.

## 5.5 Value Added Tax (VAT)

VAT is levied on the selling price of goods and services and on the value of goods imported into Ireland. Resident businesses must register for VAT if their annual sales turnover exceeds €75,000 for supplies of goods or €37,500 for supplies of services; non-resident businesses must register regardless of level of turnover. The standard VAT rate is 23%, with reduced rates of 13.5%, 9% and 4.8% applying in some cases. Exports are zero-rated. Some supplies are designated as exempt, including banking and insurance services. Businesses, other than those making exempt supplies, can generally recover the VAT with which they themselves are charged.

## 5.6 Other Taxes

### 5.6.1 Property taxes

Local authorities tax occupiers of commercial property based on the property's rateable value. The rateable value is as determined by the Valuation Office. An annual local property tax applies to the market value of residential property. The tax is payable by the property owner, as follows (if not otherwise reduced by local authorities):

- For property valued at up to €100,000, the tax is €90
- For properties valued between €100,001 and €1m, a 0.18% rate applies to the middle of the relevant threshold in €50,000 increments (eg a property worth between €250,000 and €300,000 would be taxed at 0.18% of €275,000)
- For property values exceeding €1m, the tax is €1,800 plus 0.25% on the excess over €1m.

### 5.6.2 Customs

Custom duties are an EU tax collected and administered by the Irish tax authorities on behalf of the EU Commission. The duties are payable on importation into Ireland. Once custom duties are paid in Ireland or in any other EU member state, the goods are then considered to be in "free circulation" and can move freely within the EU. This is one of the significant benefits of the EU i.e. a single market for trade in goods with no customs duties being levied on the movement of goods between the Member States and with no intra-EU border customs controls (provided the goods are in "free circulation").

The standard rates of duty vary between 0% and 7% depending on their tariff classification but higher rates can apply to some products especially in the agricultural and textile areas. Reduced rates of duty, or in some cases total elimination of duty, are available where the goods are imported from a country with which the EU has a trading agreement providing for reduced or zero duty rates to goods from that country.

Relief from duties is also available where a business imports goods into Ireland for the purpose of further manufacture or processing and subsequently exports these goods out of the EU. A manufacturer can also opt to pay duties at the rate applying to the manufactured product where the amount of duty is lower than the duty on the imported raw materials.

### 5.6.3 Stamp duty

Stamp duty is charged on the transfer of commercial property at 2%. For transfers of residential property, the rate is 1% on the value up to €1m, and 2% on the excess over €1m. Stamp duty is also payable on the transfer of shares in Irish incorporated companies, at a rate of 1%.



#### **5.6.4 Environmental taxes**

A €0.22 levy is charged on plastic bags supplied by a retailer. A tax of €75 is levied per tonne of waste sent to landfill. Government policy requires local authorities to recover the cost of providing water services from commercial users, based on metered consumption. Ireland also charges an excise duty on supplies of electricity. Charges are €1 per megawatt hour for non-business use and €0.50 per megawatt hour for business use. Household use of electricity and electricity from renewable sources are exempt from the tax. Carbon charges of €20 per tonne of carbon apply to mineral oil, aviation gasoline, heavy oil, petrol and auto diesel. Carbon tax at a rate of €4.10 per megawatt hour applies to natural gas. For solid fuels, the rate is €20 per tonne of CO<sub>2</sub> emitted.

#### **5.6.5 Excise taxes**

Ireland imposes an excise tax on specialty consumer goods such as manufactured tobacco, alcohol, alcoholic beverages and mineral oils. The rates vary depending on the description and the quantity of the product.

### **5.7 Tax Incentives for Businesses**

#### **5.7.1 Research and development (R&D) expenditure**

Companies can claim a 25% tax credit for the first €300,000 of qualifying R&D expenditure. For tax years ending by 31 December 2014, expenditure over €300,000 was generally eligible for the 25% tax credit only in respect of any increase in expenditure over that in the base year 2003. For tax years beginning on or after 1 January 2015, base year expenditure no longer needs to be subtracted; a €300,000 credit may be claimed each year. The 25% credit is in addition to the general tax deduction for the expenditure incurred.

The credit is available in respect of expenditure on:

- Royalties
- Revenue expenditure on R&D activities
- Plant and machinery, and
- Buildings.

Any unused credit can be carried forward indefinitely. It is possible to carry back any unused R&D tax credits to reduce the corporate tax charge of the preceding year. Any excess still remaining can be paid to the company in three installments. However, the refund is subject to certain limits.

#### **5.7.2 Film production**

Film producer companies can claim relief for the cost of production of certain films in the form of a tax credit. The credit is granted at a rate of 32% subject to certain limits.

### 5.7.3 Special assignment relief program (SARP)

The SARP was introduced to encourage international investment in Ireland by reducing businesses' employment costs. Certain non-domiciled individuals taking up residence in Ireland in tax years 2012-2014 are entitled to 30% relief on tax for earnings between €75,000 and €500,000 (ie a maximum deduction of €127,500) for the first five years of residency, subject to conditions. The employee must:

- Have been employed outside Ireland for at least one year by a company resident in a country with which Ireland has a tax treaty
- Be assigned to work in Ireland by that same company for at least 12 months, and
- **Not have been resident in Ireland for the past five years**

**For individuals arriving in tax years 2015-2017, the 12 month minimum period is reduced to six months. For 2015 and subsequent tax years, the €500,000 upper threshold has been abolished for new arrivals as well as for those who qualified in previous years and continue to do so.**

### 5.7.4 Relief for expenditure on Intellectual Property

Capital allowances can be claimed in Ireland on capital expenditure incurred by companies on the provision of certain "specified intangible assets." Where expenditure is incurred on such assets, the company can claim relief for the expenditure incurred over 15 years or in line with the accounting treatment applicable to the amortization of intangible assets.

#### **5.7.5 Knowledge Development Box**

From 1 January 2016, profits arising from certain Intellectual Property Assets which are the result of qualifying Research and Development activity carried out in Ireland will qualify for a reduced rate of tax of 6.25%. The amount of relief available will be determined by the proportion that the Irish company's Research and Development expenditure bears to the total Research and Development expenditure incurred by the company on qualifying assets.

#### **5.7.6 Foreign earnings deduction**

Employees and directors doing business in "BRICS" countries (Brazil, Russia, India, China, South Africa, Algeria, the Democratic Republic of Congo, Egypt, Ghana, Kenya, Nigeria, Senegal and Tanzania, are exempted from tax on up to €35,000 of income when they spend at least 60 days there. From 1 January 2015, the exemption also applies to Japan, Singapore, South Korea, Saudi Arabia, United Arab Emirates, Qatar, Bahrain, Indonesia, Vietnam, Thailand, Chile, Oman, Kuwait, Mexico and Malaysia.

A period of fewer than four consecutive days in one country does not count towards the 60-day minimum. From 1 January 2015, the number of consecutive days that do not count has been reduced to three, and the number of qualifying days has been reduced to 40, including the days spent traveling there. This relief applies for tax years 2012 to 2017.

#### **5.7.7 Energy efficient equipment**

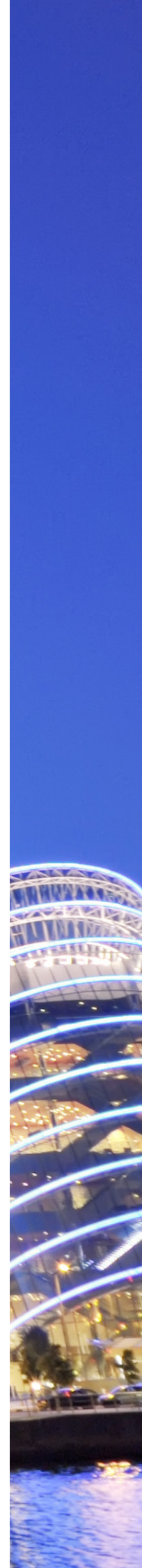
Until 31 December 2017, a company is entitled to claim a 100% capital allowance in the first year where it purchases new (and not second-hand) energy efficient equipment, as specified by the Minister for Communications, Energy and Natural Resources, for the purposes of its trade.

#### **5.7.8 Start-up companies relief**

Companies commencing to trade in the years 2009 to 2018 are exempt from corporate income tax for the first three years of trade, provided their corporate income tax liability for the year does not exceed €40,000. Companies can carry forward any unused tax exemptions under the start-up companies relief scheme after the first three years of trade to reduce future tax liability. A marginal relief applies in any of the years in which the tax liability would otherwise fall between €40,000 and €60,000.

#### **5.7.9 Start-up refunds for entrepreneurs (SURE)**

Individuals investing and working full-time in a new company engaging in qualifying trading activities may benefit from an income tax refund of up to 41% of the capital invested, as well as a refund of PAYE income tax paid for up to six years prior to the investment.



## 6: Irish Labour Market

### 6.1 Employee Benefits: Overview of Requirements & Options

Employers in Ireland are not legally required to pay for employee benefits such as pension plans and insurances. At a minimum, employers must provide access to a PRSA pension plan, should employees wish to pay into a pension plan. However, many employers choose to provide a range of employee benefits, which can be a very important factor in attracting and retaining employees, particularly in sectors such as technology and financial services, where the competition for talent can be high.

The key components of an employee benefits package include:

- Private pension plan
- Medical/dental insurance
- Life cover
- Long-term disability cover

A summary of these benefits is as follows:

Benefit	Indicative Cost	Setup
<b>Private Pension Plan</b>	Many employers provide a pension contribution, often on a matching basis – typically between 3% and 10% of salary – allow an additional 0.5% to 1% of salary per year for running costs	Two structures are available: a Personal Retirement Savings Account (PRSA) and an Occupational Pension Scheme (OPS) – the OPS structure is the more common structure, particularly if employer contributions are being paid
<b>Medical/Dental Insurance</b>	Cost per adult typically between €1,000 to €2,000 per year – cost per child at 30%-40% of adult cost – employer incurs employer PRSI payroll tax on the insurance cost paid by employer	Employers typically cover 80% to 100% of cost for employees and cover 50% to 100% of cost for dependents
<b>Life Cover (Death-In-Service Cover)</b>	Allow up to 1% of salary on average (depending on ages and occupations)	Cover of 4 times salary is standard
<b>Long-Term Disability Cover</b>	Allow up to 2% of salary on average (depending on ages and occupations)	Cover up to 75% of salary less the single person State Illness Benefit – with a deferred period of 13 weeks or 26 weeks



Other benefits can be provided such as public transport passes, cycle-to-work scheme, gift vouchers and shares schemes. The table below summaries the tax treatment for the employer and for employees for a range of benefits:

Employee Benefit	Additional Payroll Tax Cost Employee	Additional Payroll Tax Cost Employer
Medical/dental insurance premium	Yes	Yes
Life/disability premium	No	No
Pension contribution	No	No
Club membership	Yes	Yes
Public transport pass	No	No
Cycle to work	No	No
Gift voucher €500 max	No	No
Food/meals available to all employees	No	No
Education courses/exam fees	No	No
Shares/share options	Yes (in most cases)	No
Note: the above information is for general guidance purposes only – specific taxation advice may be required on the tax treatment of specific benefits		

We work with a leading independent firm of employee benefits advisors in order to deliver comprehensive solutions for our clients that cover the setup, rollout, ongoing employee engagement, renewal, review and benchmarking of benefits for employees.



## 7: Real Estate

Ireland is a common law jurisdiction. The acquisition, development and occupation of real estate in Ireland is governed by legislation, case law and contract law principles. There are no particular restrictions on non-Irish or EU persons or bodies acquiring or leasing real estate in Ireland. The usual minimum 'long-term' rental period in Ireland is six months, although three-month let's can be found, and the maximum three years.

Most rental contracts, however, are for nine or twelve months. Rental costs vary considerably depending on the size (number of bedrooms) and quality of a property, its age and the facilities provided. However, the most significant factors influencing rents are the region, city and neighbourhood.

### 7.1 Estate Agents

The vast majority of property sales in Ireland, particularly those where overseas buyers are involved, are handled by estate agents. Many Irish agents also advertise abroad, and in expatriate magazines and newspapers in Ireland.

### 7.2 Qualifications

Irish estate agents are regulated by law and must be professionally qualified and licensed. You should choose an agent who's a member of a professional association such as the IAVI, which is by far the largest professional body in Ireland, or the Institute of Professional Auctioneers and Valuers (IPAV). You should also ensure that an agent has a current auctioneer's licence, which IAVI members are obliged to display prominently in their offices. When you pay a deposit to an agent, it must (by law) be deposited in a separate client or current account, so that the agent derives no interest from the money.

### 7.3 Fees

There are no government controls on agents' fees in Ireland, but the commission charged by most Irish agents is between 2 and 2.5 per cent. This fee is included in the sale price and effectively paid by the buyer.

### 7.4 Viewing

If possible, you should decide where you want to live, what sort of property you want and your budget before visiting Ireland. Obtain details of as many properties as possible in your chosen area and price range, and make a shortlist of those you wish to view. The details provided by Irish estate agents can be sparse. Often there's no photograph and, even when there is, it usually doesn't do a property justice.

**Note:** Irish estate agents don't usually require you to sign an agreement before showing you properties, although they may do so if you're buying at auction. In Ireland, you're usually shown properties personally by agents and won't be given the keys (particularly to furnished properties) or be expected to deal with tenants or vendors directly.



## 8: Utilities

### 8.1 Electricity/Gas

There are a large number of plans available for domestic and business customers that are provided by electricity and gas suppliers in Ireland. These plans offer customers different tariffs comprised of standing and unit charges (and in some instance other charges). Suppliers can also offer different rates depending on the payment or billing methods of customers (e.g. paperless, online, direct debit etc.). All suppliers are required to publish details of the tariff plans that are available to domestic customers. Suppliers for businesses often provide bespoke plans to their business customers and information on such plans is generally not published by suppliers. Some suppliers also offer standard plans to business customers.

**Please note that if you want to open an electricity or gas account you will need to provide:**

- MPRN (For Electricity): Your MPRN (Meter Point Registration Number) is a unique 11 digit reference number assigned to your electricity connection and meter.
- GPRN (For Gas): Your GPRN (Gas Point Registration Number) is a unique 7 digit reference number used to identify a gas meter connection to the gas network.

**The main Electricity & Gas providers in Ireland include:**



**1. Electric Ireland**

Sales: 1850 30 50 70

9am – 5.30pm Mon - Fri



**2. Board Gais Energy**

Sales: 1850 435 435

9am – 5.30pm Mon - Fri



**3. SSE Aitricity**

Sales: 1850 81 81 10

8am – 8pm Mon - Fri



**4. Energia**

Sales: 01 901 4710

Mon-Fri 8am-8pm, Sat 10am-6pm



**5. PrePayPower**

Sales: 1890 989 536

Mon-Fri 8am-8pm, Sat 9am-7pm, Sun 10am-6pm

## 8.2. Phone and Internet Providers

### 8.2.1 Landline

The choices of broadband and home phone packages in Ireland are increasing in 2016 as Fibre broadband gradually spreads across the country.

Fibre can give broadband speeds of up to 100Mbps – compared to the maximum 24Mbps on copper phone lines (DSL). The basic monthly charge may look good – but you need to take account of the phone usage which can bring the overall charge much higher – especially if you make calls outside the contracted “bundle”.

The main Broadband providers in Ireland are as follows:



**1. Vodafone**

Sales: 1890 805 014



**2. Eir**

Sales: 1800 503 303

Mon-Fri 8.30am-6pm



**3. Virgin Media**

Sales: 1890 940 070

Mon-Fri 9am-9pm, Sat 10am-9pm



**4. Magnet**

Sales: 1800 819 888



**5. BT Ireland**

Sales: 1800 924 929

Mon-Fri 9am-6pm

### 8.2.2 Mobile

If you already own a phone, you can buy just the new SIM card. Remember that your phone might need to be unlocked first – even if you’ve used the same mobile provider in your home country as in Ireland. For example, if you have an O2 phone from another country, it will not work with an Irish O2 phone.

To buy a SIM card, just step into any network shop, or order it online. You will be given the choice between contract and pay as you go. If you go to a shop, you can have your SIM card immediately, but they might ask for some ID.

SIM cards are often cheap, and can sometimes even be free if you ask for pay as you go.





### 8.2.3 Mobile contracts

If you opt for a mobile contract, you will not only have lower calling rates (quite significantly) but you will also benefit from reduced prices for phones.

The disadvantage of a contract is that you have a set period of time during which you must pay. If you wish to end your contract before that date, you will have to pay more (for the cost of the phone and for ending it prematurely).

Contract offers vary significantly from operator to operator. Look at their websites to compare. Signing up for a contract plan requires some form of identification, an address and a bank account from which the money will be withdrawn automatically every month.

The main mobile phone providers in Ireland are as follows:



**1. Meteor**

Sales: 1890 808 585

Mon-Sun 8am-10pm



**2. Vodafone**

Sales: 1800 855 696



**3. 3**

Sales: 1800 825 999

Mon-Sun 8am-8pm, Sat 8am-6.30pm, Sun 8am-6.30pm



**4. Eir**

Sales: 1800 503 303

Mon-Fri 8.30am-6pm

---

## **Dublin;**

Joyce House, 22/23 Holles Street, Dublin 2

**Tel: +353 (0)1 669 9999**

## **Enniscorthy;**

Clonhaston, Enniscorthy, Co. Wexford

**Tel: +353 (0)53 923 33333**

## **Cork;**

6th.Floor, No. 5 Lapps Quay, Cork.

**Tel: +353 (0)21 494 3987**







