

Doing business in Ireland 2016

Introduction

The Moore Stephens Europe *Doing Business In* series of guides have been prepared by Moore Stephens member firms in the relevant country in order to provide general information for persons contemplating doing business with or in the country concerned and/or individuals intending to live and work in that country temporarily or permanently.

Doing Business in Ireland 2016 has been written for Moore Stephens Europe Ltd by Moore Stephens. In addition to background facts about Ireland, it includes relevant information on business operations and taxation matters. This Guide is intended to assist organisations that are considering establishing a business in Ireland either as a separate entity or as a subsidiary of an existing foreign company. It will also be helpful to anyone planning to come to Ireland to work and live there either on secondment or as a permanent life choice.

Unless otherwise noted, the information contained in this Guide is believed to be accurate as of 1 May 2016. However, general publications of this nature cannot be used and are not intended to be used as a substitute for professional guidance specific to the reader's particular circumstances.

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Our member firms' objective is simple: to be viewed as the first point of contact for all our clients' financial, advisory and compliance needs. They achieve this by providing sensible advice and tailored solutions to help their clients' commercial and personal goals. Moore Stephens member firms across the globe share common values: integrity, personal service, quality, knowledge and a global view.

Brussels, October 2016

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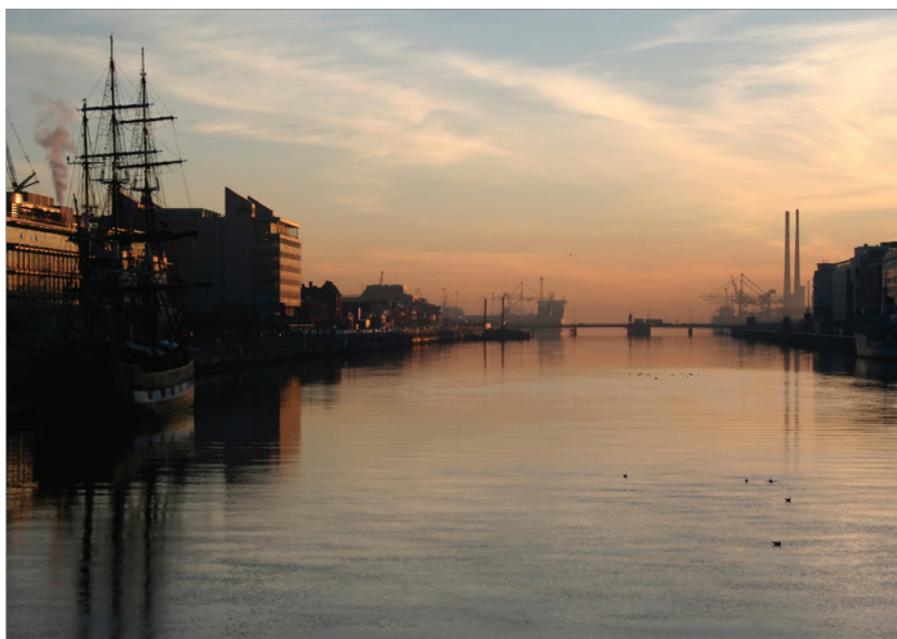
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1. Ireland at a glance

Geography and population

Ireland is an island located off the north-west coast of mainland Europe. The Republic of Ireland ('Ireland') occupies five-sixths of the island, with Northern Ireland (part of the United Kingdom) occupying the final sixth. To the west of Ireland lies the North Atlantic Ocean, to the east, Ireland's largest trading partner, Great Britain.

Ireland has an area of 70 282 km² and a population of 4.6 million, 62.8% of which lives in urban areas. Ireland's population is young and well-educated. The median age is 34.8 years and 49.19% of 25-34 year-olds have a third-level qualification. Ireland's main cities are Dublin (the capital), Cork, Galway and Limerick.



History

The earliest evidence of human settlement in Ireland dates to around 8000 BCE. From about 400 BCE, Celtic influences can be perceived and a fully Gaelic culture had emerged by the 5th Century CE. It was around that time also that the Christian religion became established, and the flowering of learning that took place in subsequent centuries saw Irish Christian missionaries travelling and preaching in England and continental Europe.

English influence in Ireland began in the 12th Century CE with the Anglo-Norman invasion under the Plantagenet King Henry II. English and later British influence gradually spread throughout the island over the subsequent centuries.

In the late 16th and 17th Centuries, the native Catholic Irish aristocracy was supplanted by Scottish and Irish Protestant settlers, in a process known as 'the Plantation'. This period was marked by several bloody conflicts. This planted aristocracy, which formed the new ruling class, became known as the 'Protestant Ascendancy'. The vast majority of the indigenous population remained Roman Catholic. Ireland retained its own Parliament, however, dominated as it was by the Ascendancy, until it was abolished in the Act of Union of 1801, prompted in large part by the rebellion of 1798. The 19th Century was marked by Catholic Emancipation throughout the new 'United Kingdom of Great Britain and Ireland' in 1829, the disastrous Great Famine of 1845-49, the gradual relaxation of the penal laws against Catholics and Protestant dissenters, and growing demands for self-government ('Home Rule') and/or independence. The Home Rule issue came to dominate UK politics. Gladstone's Liberal Party tried to enact Home Rule bills, with the support of the pro-Home Rule Irish Parliamentary Party in the House of Commons, but a powerful faction in his party remained opposed and gradually coalesced with the Conservatives, who were staunchly against Home Rule. Eventually, after the power of the House of Lords to veto bills was weakened, a Home Rule Act was passed in 1914, but was immediately suspended on the outbreak of the First World War. The years 1916 to 1921 marked a period of political turmoil with sporadic bouts of violence. At Easter 1916 Irish nationalists mounted an armed insurrection against British rule. The rebellion was principally concentrated in Dublin City, and a number of locations were occupied by rebels including the General Post Office and Four Courts (seat of the High Court of Ireland). The rebellion lasted six days before the rebels surrendered to British forces. The surviving leaders were captured and together with other participants in the rebellion were put before military courts. Ninety people were sentenced to execution after having been convicted of treason. Fifteen of these executions were carried out. While the rebellion is regarded as not

enjoying popular support before it commenced, the executions and the threat of conscription of Irishmen into the British Army to fight in World War I subsequently served to weaken support for the Union in Ireland.

In December 1918, in the UK general election, the nationalist party advocating full independence, Sinn Féin, won the overwhelming majority of Irish seats. All Sinn Féin MPs who were able to do so (many were in prison) assembled as *Dáil Éireann* and proclaimed the Irish Republic over the whole of Ireland in January 1919. Neither the UK Government nor the Irish Unionists recognised the Republic and the Irish War of Independence broke out. In June 1921, a truce was declared and in December 1921 the Irish and UK Governments signed the Anglo-Irish Treaty, under which Ireland, then to be known as the Irish Free State, became a self-governing Dominion of the British Commonwealth. The six Unionist-dominated counties of what became known as Northern Ireland were allowed to opt out of the Free State and remained part of the United Kingdom, creating the two political entities that last to this day. The partition of the island into two political entities was a cause of conflict amongst Irish nationalists, and led them to split into pro- and anti-treaty parties and resulted in a civil war between 1922 and 1923. The Irish Free State remained formally neutral during the Second World War. In 1949, Ireland officially became a republic and left the Commonwealth. In 1973, Ireland, together with the United Kingdom and Denmark, joined the European Economic Community, now the European Union. The Irish Pound (or punt) broke its link with the pound sterling in 1979 and Ireland was one of the 11 original nations to adopt the euro.

Climate, language and religion

Ireland has a temperate oceanic climate, with generally warm summers and mild winters. Mean winter daily temperatures vary from +4.0° to +7.6°C and mean summer daily temperatures vary from 15° to 20°C. Ireland's coastline is ice-free throughout the winter.

The primary working language is English. English and Irish (a Celtic language of the Goidelic branch) are the official languages. In the 2011 census, 84.2% of the population identified themselves as Roman Catholic, while 5.9% stated they had no religion. In common with the rest of Western Europe, there is a growing trend towards secularisation.

Politics and government

Ireland is a parliamentary republic. The President, who is the Head of State but whose duties are mainly ceremonial, is directly elected by the population for a seven-year term. The current incumbent is Michael D. Higgins (elected 29 October 2011). Executive power is exercised by the Prime Minister (*Taoiseach*) and his government. The current *Taoiseach* is Enda Kenny (in office since 9 March 2011). Following the general election in February 2016, he heads a minority government of his centre-right Fine Gael party. Ireland has universal suffrage, with those aged over 18 years entitled to vote.

Ireland has a bicameral Parliament, the Oireachtas. The lower house, *Dáil Éireann*, is composed of 166 members, elected from multi-member constituencies under the single transferable vote system of proportional representation. The Upper House, *Seanad Éireann*, has 60 indirectly elected or appointed members.

The functions and powers of the President, *Dáil* and *Seanad* derive from the Constitution of Ireland.



Currency, time zone, weights and measures

Ireland's currency is the euro (EUR). At the time of going to press (early June 2016), the euro was quoted against the US dollar at EUR 1 = USD 1.1129.

Ireland's time zone is GMT, which is one hour behind CET (Central European Time).

Ireland uses metric units for weights and measures and degrees Celsius for temperature.

General economic outlook

Ireland has a competitive regime for corporate tax, the main features of which are:

- 12.5% corporation tax rate for trading income, 25% rate for passive income
- A generous research & development tax credit régime
- No thin-capitalisation rules
- No controlled foreign company (CFC) rules
- Limited transfer pricing rules
- Tax depreciation for intellectual property
- An extensive tax treaty network
- Start-up companies receive corporation tax relief for three years
- A holding-company régime / capital gains tax exemption

For details, see Chapter 6.

Ireland remains one of the top global destinations for US companies, with nine out of the ten world's leading pharmaceutical companies operating in Ireland, together with numerous multinational technology and internet companies such as Facebook and Google.

Ranked 6th in the world and 1st within the European Union for the ease with which a business can pay its taxes.

Ranked 4th in the world by Forbes for the Best Countries for Business in 2015.

Why do business In Ireland?

The Irish economy is highly open and competitive and continues to be the choice location for multinational corporations wishing to establish a European base.

Ireland's young, highly skilled and vibrant workforce, pro-business policies and low corporate tax régime have attracted more than 1000 multinational corporations to set up operations including:

- Technology companies such as Adobe, Amazon, Apple, EMC, Facebook, Google, IBM, Indeed, Intel, Microsoft, PayPal, SAP, Twitter



- Pharmaceutical industry: 9 out of 10 of the world's top global pharmaceutical corporations are located in Ireland (see above)
- Finance: More than 50% of the world's leading financial service firms are located in Ireland

The World Bank has ranked Ireland 17th in the world in the overall 'Ease of Doing Business' out of 189 countries.

Ireland ranked first place in an Institute of Biomedical Sciences report due to its success in attracting high-quality research and development activities in life sciences and IT, copied with high-value investment in financial services.

Ireland has a mild climate with very little change of season so that the weather rarely affects operations in the country. This, together with the country's excellent transport systems which are in place by land, sea & air, makes the country an excellent choice for a business destination.



2. Doing business

Main forms of business organisation

In Ireland business can be conducted in various forms.

Sole tradership

An individual trading on his or her own account with unlimited liability.

Partnership

Partnerships may take one of two forms.

Ordinary (general) partnership

A partnership is a business carried on in common by two or more persons. In an ordinary partnership, each of the partners has joint and several liability.

Limited partnership

In a limited partnership, one partner has unlimited liability and the other (passive) partners (up to 49) can have limited liability. Ireland does not currently provide for the incorporation of 'LLP' (Limited Liability Partnerships).

Companies Act 2014

The Companies Act 2014, which came into effect on 1 June 2015, has introduced significant changes to company law in Ireland and allows for new types of company. During a transitional period ending on 30 November 2016, companies incorporated and registered under the previous Companies Acts must in many cases re-register and, depending on the form they currently have, may choose to change their status to one of the entities below, or be mandatorily recategorised.

Private company limited by shares (Ltd)

This type of company, which differs in certain significant respects from companies of the same name incorporated under previous legislation, may have between one and 149 members. The liability of members of a company that is limited by shares is limited to the amount remaining unpaid (if any) on the nominal value of their shares. The company need have only one director, in which case it must have a separate company secretary. There is no minimum or maximum share capital.

The transfer of shares in private limited companies is restricted such that the shares may not be 'offered to the public'. Offerings to 'qualified investors', or to 149 or fewer persons, or both, do not constitute offers to the public. Similar exceptions apply to an offer of debentures.

A private company limited by shares has a 'constitution' (instead of a 'memorandum and articles of association'). The Constitution does not have an objects clause specifying the company's business objects; the company may carry on any lawful activity, subject to licensing requirements from a government agency in the case of certain activities.

In certain circumstances the company may dispense with an annual general meeting.

Designated Activity Company limited by shares (DAC)

This is a new kind of private company, incorporated under the Companies Act 2014. It may have between one and 149 members, and, as with a private company limited by shares, its members' liability is limited to the nominal value of their shareholding. By contrast with a private company limited by shares, it does have an objects clause in its Constitution, which must consist of a memorandum, specifying its business objects, and an articles of association.

A DAC must have at least two directors and a secretary (a director may also serve as the Secretary). Unlike a private company limited by shares, a DAC may not dispense with an annual general meeting if it has more than one member.

Company limited by guarantee having a share capital (DAC)

A DAC may also take the form of a company limited by guarantee and having a share capital. Being a private company, it too may have no more than 149 members.

Members have a double liability if the company is unable to pay its debts. As regards their shares, they are obliged to pay up any amount of the nominal value that remains unpaid. They must also pay the amount of their guarantee, which will be specified in the company's memorandum of association, and may be no less than EUR 1.

Public limited company (plc)

A plc has a minimum authorised share capital of EUR 25 000. The liability of members is limited to any amount remaining unpaid on the shares registered in their name. A plc must specify in its memorandum, which forms part of its constitution together with its articles of association, its objects and an activity or activities that it intends to carry on in Ireland. Its shares and securities (if any) are offered to the public. Shares may not be allotted to any member unless they are paid up to at least 25% of their nominal value (together with 100% of any share premium).

A plc must have at least two directors and a secretary (a director may also serve as the Secretary), and, unless it has a single member, may not dispense with holding an annual general meeting.

Public limited companies are subject to more burdensome reporting and disclosure requirements than private companies.

Company limited by guarantee (without a share capital) (CLG)

It is possible to incorporate a company without a share capital, the liability of whose members is limited to the amount of their guarantee as specified in the company's constitution, which consists of its memorandum and articles of association. It must specify its objects and the activities that it intends to carry on in Ireland.

A CLG must have at least two directors and a secretary (a director may also serve as the Secretary), and may not dispense with holding an annual general meeting unless it has only one member.

Unlimited companies

Unlimited companies may take the form of a private unlimited company (ULC), a public unlimited company (PUC) or a public unlimited company without share capital (PULC). The essence of an unlimited company is that the liability of its members, whether or not the company has a share capital, is not limited by a guarantee or to the extent of their unpaid share capital. The liability extends to persons who ceased to be members within 12 months of a winding-up, unless the liability was incurred after they ceased to be members.

Unlimited companies must have a constitution consisting of a memorandum and articles of association, stating their objects and the activities they intend to carry on in Ireland. An unlimited company must have at least two directors and a secretary (a director may also serve as the Secretary), and may not dispense with holding an annual general meeting unless it has only one member.

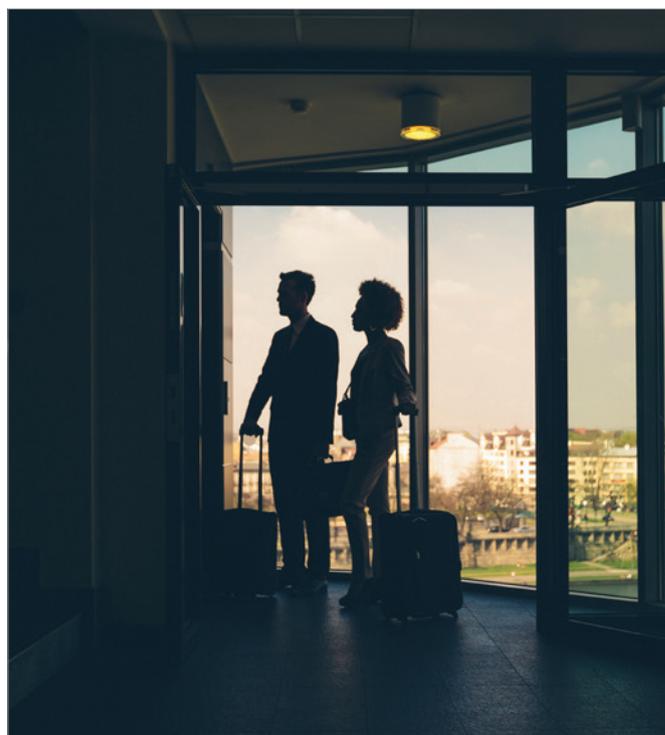
Conditions applicable to all companies

Only a natural person may be a director of a company, although the company secretary may be a legal person, such as a corporate entity.

Although there is no restriction on foreign ownership, all types of company must have at least one director who is resident in the European Economic Area. Alternatively, an insurance bond to the value of EUR 25 000 may be put in place. It may also be possible to dispense with the requirement to have at least one EEA director or an insurance bond in place if the Registrar of Companies is satisfied that the company has a real and continuous link with one or more economic activities being carried on in Ireland.

Usually a company must be trading in Ireland for at least 18 months and have paid VAT, PAYE (salary tax etc deducted from employee remuneration) and corporation tax in order to be able to apply for a Real & Continuous Link Certificate.

Incorporating a new company is a simple process that can be finalised within a week if the appropriate standard constitution is used.



Branches (permanent establishments)

A foreign company conducting business in Ireland through an Irish branch must register details of its branch with the Companies Registration Office within one month of its establishment per the EC (Branch Disclosure) Regulations 1993. It will also have to register the name under which it is trading (where that name is different from its registered name) with the Companies Registration Office.

Labour relations and working conditions

Ireland's population is young and well-educated. The employment market is open and employers have a rich pool of highly skilled candidates from which to fill vacancies.

Labour relations are good. There are very few collective industrial disputes and general strikes are very rare.

Irish employment law is regulated by statute, much of which is transposed from European law (i.e. Equality, Maternity / Paternity Leave, Provision of Information and Consultation, Transfer of Undertakings). Ireland has unfair-dismissal and redundancy provisions. Irish law provides for a national minimum wage, which is currently set at EUR 9.15 per hour.

Where employment law disputes arise, they can be resolved speedily and cost-effectively by means of specific employment-dispute resolution channels, such as a hearing before the Rights Commissioner or the Employment Appeals Tribunal.

Ireland has a social security system which provides free public health care. Private health care is also available.

Work permits, visas etc

Nationals of states outside the European Economic Area are required to obtain a visa in order to reside in Ireland and either a Critical Skills Employment Permit or Work Permit in order to work in Ireland.

The Critical Skills Employment Permit scheme relates to high-level strategic skills shortages, and is available for an initial period of two years to persons with a job offer. Members of the Critical Skills Employment Permit holder's immediate family may also join the holder in Ireland. Applications may be made in respect of two categories, which are based on salary. Where the salary will be over EUR 60 000 per annum, an application can be made in respect of any occupation. For salaries ranging between EUR 30 000 and EUR 59 000 (excluding bonuses), the occupation must be one of a number of 'strategically important' occupations.

The Work Permit Scheme is more restrictive. Amongst other requirements, the employer must show that there is a labour-market need (i.e. the vacancy has been advertised for at least eight weeks on FAS/EURES and for six days in local and national newspapers). There are also a number of ineligible job categories.

Ireland has introduced two new immigration programmes to attract non-EEA investors and entrepreneurs to Ireland. Under the programmes, successful applicants and their immediate family may be granted Irish residence rights for five years. The two programmes are:

1. The Immigrant Investor Programme, under which applicants from outside Europe may gain residence rights in Ireland in return for a range of different investments, ranging from an immigrant bond worth EUR 1 000 000, to an endowment of EUR 500 000.
2. The Start-up Entrepreneur Programme, for migrants with a good business idea in the innovation economy and funding of EUR 70 000+ to develop it.

Irish citizenship may be applied for once a person has been resident in Ireland for five years.

Intra-company transfer

This facilitates the temporary assignment of senior management, key personnel with specialist knowledge or trainees to the Irish operation. There is a minimum salary level of EUR 40 000 for management/key personnel and EUR 30 000 for trainees. The employee must remain on the foreign company's payroll. The duration is for the defined period of the transfer up to a maximum of two years and the permit may be extended up to a maximum stay of 5 years.

3. Finance and investment

Business regulation

In addition to company law, businesses (including non-incorporated businesses, such as sole traders and partnerships) must comply with consumer law, which provides consumers with rights in respect of the quality of goods and services, unfair terms, credit agreements, distance sales, and misleading marketing; data-protection rules, and sector-specific rules (e.g. financial services, food safety). Mergers and acquisitions activity is regulated by the Competition Authority and subject to Irish and EU law, depending on thresholds.

A limited number of business sectors in Ireland are regulated (e.g. legal firms), and participants must obtain licences before they may trade.

Intellectual property

Ireland is a signatory to The International Convention for the Protection of Industrial Property and the Berne Convention for the Protection of Literary and Artistic Works.

Irish statute law governs the protection of trademarks, copyright and patents. Know-how and industrial secrets are protected by the common law.

Trademarks

An Irish trademark lasts for an initial period of 10 years and then may be renewed. Ireland is a signatory to the Madrid Protocol.

Patents

An Irish patent lasts for a period of 20 years (long-term) or 10 years (short-term). Ireland has ratified the Patent Cooperation Treaty and the European Patent Convention.

Copyrights

Generally, Ireland recognises copyright as subsisting for the lifetime of the author plus 70 years.

Banking and local finance

While Irish financial institutions have faced significant challenges in recent years, the Irish State has provided support and ensured the continued operation of the banking system.

The Irish banking sector is dominated by two Irish banks: Allied Irish Bank (AIB) and Bank of Ireland, both of which have received State support. Other banks with branch networks include Ulster Bank (part of the United Kingdom's RBS group), and Permanent TSB. Ireland is recognised as a major international financial-services centre and is a global leader in the provision of securitisation and fund-management services.

Ireland has become an attractive base for financial-services companies. Aviva and Zurich have established European hubs in Ireland. Not only is Ireland seen as a destination of choice for existing financial-services companies but Ireland has also been at the forefront of creating new financial-services industries. The modern aircraft-leasing industry owes its origins to the activities of Guinness Peat Aviation in the 1980s and nine of the world's top ten leasing companies operate in Ireland.

Exchange controls

Ireland does not have exchange controls.

Investment incentives

IDA Ireland (the Industrial Development Authority) is the agency responsible for foreign investment in Ireland. IDA Ireland focuses exclusively on the promotion and development of high-quality foreign direct investment (FDI) into Ireland in the manufacturing and international services sectors. The IDA provides support, assistance and financial aid ('grants') to overseas companies who invest in Ireland. Over the last five years the IDA has provided EUR 450 million in grant funding, at an average of EUR 90 million per annum. Grants are available under the following headings:

- Research and Development Feasibility Grant
- Research and Development Grant
- Employment Grant
- Capital Grant
- Training Grant

IDA Ireland provides potential overseas investors with the following services:

- Information and statistics on key business sectors and locations within Ireland
- Assistance in setting up a business in Ireland
- Introductions to local industry in Ireland, government, service providers and research institutions
- Advice on property solutions for international investors

IDA Ireland has offices around the world.

Website www.idaireland.com



4. The accounting and audit environment

Accounting regulations

Accounts should be prepared to Irish Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS). IFRS is becoming increasingly widespread and is expected to replace Irish GAAP in due course.

Audit requirements

Companies in Ireland must file an annual balance sheet and income statement each year with the Companies Registration Office, and their financial statements must be audited.

Private unlimited-liability companies are generally not required to file financial statements.

Small private limited-liability companies can avail of the 'audit exemption' where they satisfy two of the following three conditions:

- Gross assets per balance sheet do not exceed EUR 4.4 million
- Turnover does not exceed EUR 8.8 million and
- Employees do not exceed 50

Website: www.cro.ie



5. Overview of the tax system

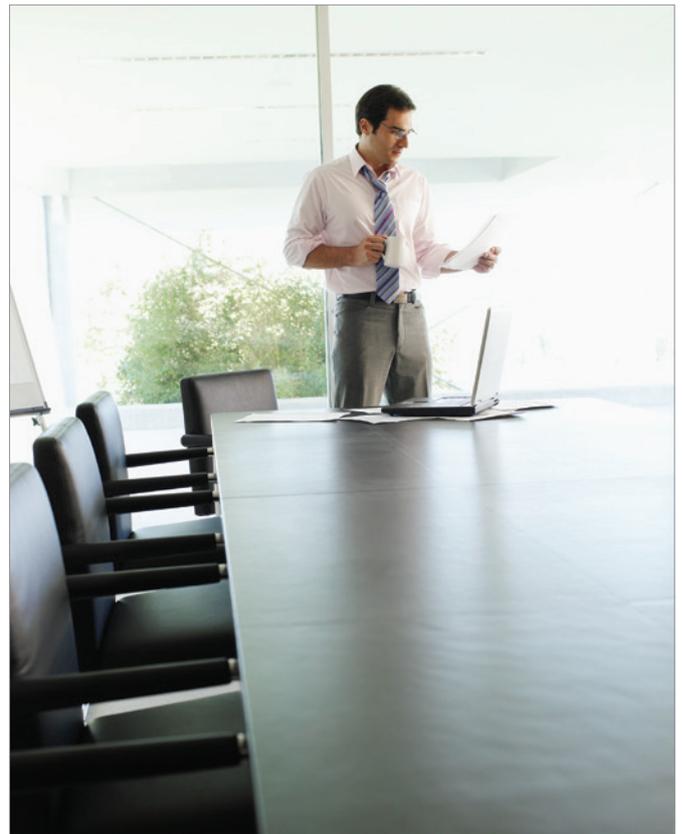
The authority with responsibility for the collection and administration of taxes and duties in Ireland is the Revenue Commissioners.

Consistent with Ireland's growing importance as a centre of innovation and technology, the Revenue Commissioners have introduced a comprehensive electronic method of filing returns 'Revenue On-line Service' ('ROS'). Mandatory electronic filing, via ROS, has been imposed for some classes of persons, including all companies, all partnerships, all trusts, and all employers with more than 10 employees.

The principal taxes in Ireland are:

- Income Tax
- Social security / Insurance: Pay-Related Social Insurance (PRSI)
- Universal Social Charge (social security contribution)
- Corporation Tax (including companies' chargeable gains)
- Capital Gains Tax
- Capital Acquisitions Tax
- Stamp Duty
- Value-Added Tax (VAT)
- Local Property Tax (residential property)
- Local Authority Rates (commercial property)

Website: www.revenue.ie



Appeals

The formal document that sets out the tax liability of a person is called a 'notice of assessment'. Where a person disagrees with a notice of assessment, that person has 30 days to make an appeal. The appeal will be heard in the first instance by the Appeal Commissioners (a body independent of the Revenue Commissioners). Either the Revenue Commissioners or the taxpayer may appeal against a decision of the Appeal Commissioners on a point of law to the High Court. Alternatively, if the taxpayer is dissatisfied with the factual decision of the Appeal Commissioners he can request the matter be reheard *de novo* in the Circuit Court.

It is worth noting that legislation has recently been enacted to introduce a new Tax Appeals Commission, independent from the Revenue Commissioners.

6. Taxes on business

Corporate income tax

Scope and extent

Corporation tax is charged on all profits (income or gains) wherever arising of all companies that are Irish-resident. Non-Irish resident companies conducting a trade in Ireland through a branch will be assessed on the income and gains of that branch.

Residence of companies

Broadly, a company will be resident in Ireland if it is incorporated in Ireland or if its place of central management and control is in Ireland. Changes introduced by Finance (No 2) Act 2013 deem a company that is incorporated in Ireland but managed and controlled in a country with which Ireland has a double tax treaty and that uses incorporation as the sole test of residence (such as the United States) to be resident in Ireland.

Basis

Corporation tax is charged on the adjusted net profit as per the company's accounts.

Taxable income

The taxable profits or gains of a company are to be calculated in accordance with Irish Generally Accepted Accounting Practice or IFRS. Adjustments are then made, i.e. adding back certain expenses, or deducting non-taxable income to arrive at taxable profits.

Capital gains

Corporation tax is charged on chargeable gains. The effective rate of tax on capital gains is 33%. The gain is calculated on the difference between the proceeds of disposal (as reduced by the costs of disposal) less costs of acquisition (as increased by acquisition costs, fees etc). For assets acquired prior to 2003 there is an adjustment for inflation called 'indexation relief'. Under indexation relief, the costs of acquisition are multiplied by an indexation factor, which varies depending on the year of acquisition (e.g. 7.528 for assets acquired in 1974, and 1.049 for assets acquired in 2002). However, for assets acquired in 2003 and after, the indexation factor has been set at 1.

The 'participation exemption' exempts gains arising to a holding company on the disposal of shares in its 'qualifying' trading subsidiaries. The holding company must have held the subsidiary's shares for a minimum period of 12 months and there is a minimum ownership requirement of 5%. Not all activities qualify as 'qualifying' trades.

Deductions

The general rule is that a deduction will be granted for expenditure that has been incurred wholly and exclusively for the purposes of the trade. The expenditure must also be revenue (current) expenditure rather than capital expenditure (e.g. the acquisition of a fixed asset).

Capital allowances

No deduction is allowed for capital expenditure or depreciation per se. However 'capital allowances' (tax depreciation) are provided for. Capital allowances allow for capital expenditure on equipment used for a trade to be written off over an eight-year period (12.5% per year straight line). If the equipment is disposed of before those eight years have elapsed a balancing allowance or charge (as appropriate) may arise. Tax depreciation may also be claimed on capital expenditure incurred on the acquisition of qualifying intangible assets (i.e. intellectual property). Capital expenditure on scientific research equipment can benefit from an accelerated capital allowance of 100% in year one.

Entertainment expenditure

Expenditure on business entertainment is not allowable as a deduction. Expenditure on certain staff entertainment (i.e. Christmas party) is allowable.

Interest expense

Interest incurred on borrowings undertaken wholly and exclusively for the purposes of the trade is deductible.

Remuneration

For trading companies, employee and director remuneration is deductible.

Dividends, interest and royalties

Dividends

Generally, corporation tax is not chargeable on dividends received by Irish-resident companies from other Irish-resident companies. Such income is described as 'franked investment income'. Corporation tax is chargeable on dividends received from non-resident companies and the rate is 12.5% where the profits are derived from trading income and the paying company is resident in the European Union or in a territory with which Ireland has a double taxation treaty. Otherwise the tax rate will be 25%. Ireland has an extensive network of tax treaties and provides for the pooling of foreign tax credits.

Dividend withholding tax (DWT) at a rate of 20% must be applied to dividends paid by Irish-resident companies. Dividends paid to other Irish companies are exempt from DWT. Exemptions from DWT may be applied for by other bodies, including charities, pension funds, and residents of countries with which Ireland has a tax treaty, once a declaration has been completed.

Interest

Interest received by an Irish-resident company is subject to Irish corporation tax at the passive rate (25%). Tax is chargeable on the actual amount paid or credited to the company and not on an accrued basis. Irish companies are not subject to DIRT (Deposit Interest Retention Tax), a withholding tax on deposit interest (41% in 2015), where they complete and return a declaration to the financial institution.

Royalties

Royalty payments that are revenue in nature are deductible as a charge on income and in many cases may be paid without deduction of withholding tax. Where an exemption does not apply, withholding tax at 20% may be deducted from patent royalties paid to non-residents.

Group taxation

A company may surrender its trading losses to a group member. For the provisions to apply there must be an effective 75% group relationship. Such a group consists of a parent company and any of its subsidiaries in which it holds or effectively holds 75% of the ordinary share capital and is entitled to 75% of the profits available for distribution to equity holders and 75% of the assets available for distribution to equity holders on a winding-up.

Within such a group it is also possible to transfer assets at a deemed consideration such that there is no gain and no loss, i.e. no tax arising.

Losses

A company may use its trading losses to reduce the profits of another trade, or against profits of the preceding period. Alternatively it may carry losses forward to use against profits of the same trade in future years. Trade losses may also be used to reduce non-trade profits and capital gains in the current year on a value basis. By way of example, a EUR 1 million loss on a trade taxable at 12.5% may be used to shelter EUR 500 000 of income taxable at 25%.

Transfer pricing

Ireland has transfer-pricing rules that are based on the OECD Transfer Pricing Guidelines. The rules apply to related-party transactions and for accounting periods commencing after 1 January 2011. The rules do not apply to small and medium-sized enterprises, which are companies that employ fewer than 250 employees and either have a turnover of less than EUR 50 million or assets of less than EUR 43 million. The figures used for determining whether a company is a small or medium-sized enterprise are determined on a group basis.

Controlled Foreign Company (CFC) legislation

Ireland does not have CFC legislation.

Thin capitalisation

Ireland does not have thin capitalisation rules.

Rates of corporation tax

Corporation tax is charged at the rate of 12.5% on most trading income.

Corporation tax is charged at the rate of 25% on non-trading income, including:

- Discounts, interest, foreign income, patent royalties and miscellaneous income
- Rental income from land and buildings situated in Ireland
- Income from activities that consist of working minerals, petroleum activities & dealing in or developing land, other than construction operations



Corporation tax is charged at 33% on capital gains and included in a company's profits for corporation tax purposes.

Tax incentives

Research and development tax credit

A tax credit of 25% is available in respect of all qualifying incremental R&D expenditure undertaken within the European Economic Area. This credit may be offset against the company's corporation tax liability in the period in which the expenditure is incurred and is in addition to the base corporation tax deduction. As such, it is possible to obtain a total deduction of 37.5% of R&D spend, to include a 12.5% Corporation Tax deduction. Should a company have excess R&D credit in a financial period it may opt to:

- Carry it forward indefinitely and use in future periods
- Surrender it to group companies
- Have the excess credit refunded to it over a three-year period by reference to payroll taxes paid
- Use a portion of the credit to reward key employees

An additional tax credit is granted on expenditure incurred on buildings or structures used in the research and development process.

Start-up exemption

Start-up companies that commence to trade after 31 December 2008 and before 31 December 2018 may be exempt from corporation tax and capital gains tax in each of the first three tax years. This exemption applies to the extent that the company's tax liability for each of the three years does not exceed EUR 40 000. In essence this exemption enables a company to generate trading profit of EUR 320 000 per annum before incurring a tax liability. Relief is limited by reference to the employer's PRSI contributions paid and subject to a cap of a maximum of EUR 5 000 for any one employee. The trade must be a new trade.

Assessment

Irish corporation tax is self-assessed. Returns are based on the accounts ending in a year of assessment. Returns must be filed annually, and by the 21st day of the ninth month after the end of the company's accounting period. The balance of tax must be paid at the time that the return is filed. Prior to that time, the company must have paid 'preliminary tax'.

The due date is extended to the 23rd of the month where the company both pays and files via the Revenue Commissioners' online portal 'ROS'. Generally, preliminary tax must be paid by the 21st / 23rd day of the eleventh month in the company's accounting period. The amount of preliminary tax to be paid is either equal to 100% of the preceding year's tax liability or 90% of the current year's final liability. For large companies (CT liability in excess of EUR 200 000 in the preceding chargeable period) preliminary tax is paid in two instalments (in the 6th and 11th months of the accounting period).

Where a company fails to file a return on time, it will be liable to a tax-gear penalty of 5% (where not more than two months late, and subject to a maximum penalty of EUR 12 695) or 10% (where more than two months late and subject to a maximum penalty of EUR 63 485).

Claims for loss relief will also be restricted where a return is filed late. The amount of losses will be restricted by 25% (subject to a maximum restriction of EUR 31 740) where the return is filed within two months of its due date or 50% (subject to a maximum restriction of EUR 158 717) where it is filed more than two months late.

Interest on overdue tax is charged at a rate of 0.0219% per day, i.e. 8% per annum.

Value added tax

Overview

As a Member State of the European Union, Ireland has a value-added tax (VAT) régime similar to other VAT régimes throughout the European Union. In general VAT is due on supplies of goods and services, the import of goods from outside the European Union and the 'intra-EU acquisitions' of goods from other EU Member States. If these transactions take place in Ireland, they are in principle subject to Irish VAT.

Businesses ('taxable persons') charging VAT to their customers are liable to report and pay this VAT to the tax authorities. Any VAT incurred in the course of the taxable person's taxable activity (e.g. charged by the taxable person's suppliers), may in principle be deducted or set off against the VAT due. Only the net amount must be paid to the tax authorities. If there is a balance of deductible VAT, the amount may be recovered from the tax authorities. Consequently, the real burden of VAT falls on the final consumer, with the intervening businesses effectively acting as collecting agents for the tax authorities.

VAT is charged at each and every stage of the production chain and in the distribution of goods and services. Businesses charge one another VAT for goods and/or services provided. The taxable person that charges the VAT is required to pay the VAT amount over to the tax authorities. If a taxable person is charged VAT by another taxable person, it is entitled to deduct that amount ('input tax') from VAT due on its part ('output tax'). By doing so, the system ensures that the end-user is effectively responsible for paying the VAT. Foreign businesses that perform taxable services in Ireland are in principle also liable to pay VAT. Those businesses, too, will be required to pay the VAT due in Ireland and will therefore also be able to claim the VAT invoiced to them by taxable persons in Ireland.

VAT is chargeable on the total amount of consideration that the person supplying the goods or services is entitled to receive.

Registration thresholds

A taxable person is defined as 'any person who independently carries out any business in the State [i.e. Ireland]'. A taxable person must register for VAT where his supplies exceed any of the following thresholds:

Table 1

Type of supply	Threshold
Supplies of goods	EUR 75 000
Supplies of services	EUR 37 500
Intra-EU acquisitions	EUR 41 000
Distance sales into Ireland	EUR 35 000
Non-established traders	nil

Rates

Table 2

Rate	Examples of supplies subject to that rate
The standard rate of 23%	The standard rate is the default rate of VAT.
The reduced rate of 13.5%	Immovable goods, newspapers, musical performances
The second reduced rate of 9%	Introduced to support the tourism sector – Hotel and restaurant meals, admission to open farms
The livestock rate of 4.8%	Livestock
The zero rate of 0%	Most uncooked food and non alcoholic drink, books

Exemptions from VAT

Certain activities are exempt from VAT: examples include medical, dental and optical services, admissions to sporting events, insurance services, certain banking and stock exchange activities, passenger transport, educational services and certain childcare services.

7. Personal taxation

Income tax

Territoriality and Residence

Liability to Irish income tax is dependent upon whether the individual is Irish-resident, ordinarily resident or domiciled.

Resident

An individual becomes Irish-resident if he or she is present in Ireland for 183 days in any one tax year. An individual will also be Irish-resident if that individual is present in Ireland for a period of 280 days in aggregate in the current and preceding tax year (subject to being present for a minimum of 30 days in Ireland in the tax year in question). An individual is present in Ireland for a day if he or she is present in Ireland for any part of that day.

Ordinarily resident

An individual becomes ordinarily resident once he or she has been resident in Ireland in the preceding three tax years. That individual will then remain ordinarily resident until such time as he or she has been non-resident for three successive tax years. For example, if an individual was resident in Ireland in 2013, 2014, and 2015, that individual would become ordinarily resident in 2016. If the individual was non-resident in 2013, 2014 and 2015, that individual would then cease to be ordinarily resident in 2016.

Domicile

Domicile is not defined in Irish tax legislation and is a concept developed by English and Irish case law. Every individual has a domicile, and only one domicile at a time. Each individual has a default domicile, 'Domicile of Origin' (which is generally the domicile of the individual's father). However, an individual may change that domicile to a 'Domicile of Choice', being a jurisdiction which that individual regards as his or her permanent home. Domicile is thus a matter of fact and intention. It is perfectly possible, say, that an Irish citizen may have been resident in the United Kingdom for many years, but remain Irish-domiciled if the individual's intention is ultimately to return to Ireland.

Tax year

The income tax year in Ireland is the calendar year.

Liability to Irish Income Tax

Table 3

Resident	Ordinarily Resident	Domiciled	Liability to Irish Income Tax
Yes	Yes/No	Yes	Worldwide income
Yes	Yes/No	No	<ul style="list-style-type: none"> Irish-source income foreign employment income to the extent the duties of the employment are performed in Ireland, and other foreign income to the extent that it is remitted into Ireland
No	Yes	Yes	Worldwide income with the exception of: <ul style="list-style-type: none"> income from a trade, profession, office or employment all the duties of which are exercised outside Ireland, and other foreign income, provided that it does not exceed EUR 3810
No	Yes	No	Irish-source income and foreign income to the extent it is remitted to Ireland (known as 'the Remittance basis'). Income from the following sources is not liable to Irish income tax, even if remitted to Ireland: <ul style="list-style-type: none"> income from a trade, profession, office or employment all the duties of which are exercised outside Ireland, and other foreign income, provided that it does not exceed EUR 3810
Yes/No	Yes/No	Yes	Domicile Levy may apply.

Partnerships

In Ireland partnerships do not have separate legal personality and are tax-transparent. The partners of a partnership will be subject to tax (income tax or corporation tax as appropriate) on their interests in the profits of the partnership.

The structure of income tax

Income is categorised into different sources, as follows:

- Schedule C: income from certain public securities
- Schedule D Case I: trading income
- Schedule D Case II: professional income
- Schedule D Cases III, IV: passive income
- Schedule D Case V: rental income
- Schedule E: employment income
- Schedule F: dividends from Irish companies

Income tax is collected on a national basis. There are no local taxes on income.

The family unit

Married couples and persons in civil partnerships are jointly assessed, but may opt for 'separate assessment' or for separate assessment as a single person.



Under joint assessment, the couple's income is aggregated, the couple receive combined tax credits and tax is assessed on and paid by the spouse nominated by the couple. In the absence of a nomination, the spouse with the higher taxable income is the assessed spouse. This is the default mode for married couples and civil partnerships.

Under separate assessment, the spouses opt to be taxed separately on their own income. Some personal tax credits are shared evenly whereas others are divided in proportion to the costs borne. The couple may opt to be jointly or separately assessed. Excess credits and any balance of the standard-rate band may be transferred to the other spouse.

Under separate assessment as a single person, the couple are treated as if they were single persons.

Taxation of employment income

Employment remuneration and benefits-in-kind are subject to income tax. Deductions from employment income will only be allowed for expenses that are 'wholly, necessarily, and exclusively' incurred for the purposes of the employment and in practice are rare.

Benefits-in-kind

Where an employer provides an employee with a non-monetary benefit, e.g. the use of an asset, the employee is said to receive a benefit-in-kind ('BIK'). The employee is then subject to tax on the notional pay attributable to the value of the benefit. Generally, the taxable value of a BIK is the cost incurred by the employer in providing it, less any contribution made by the employee. However, where the benefit consists of the transfer of an asset, the current market value of the asset is the general measure. Where ownership of the asset remains with the

employer but the employee has the free use of it, then the tax charge is based on the 'annual value', which is fixed in practice at 5% of the original market value of the asset for items such as furniture. Where the employer provides the employee with free accommodation, the BIK is calculated at 8% of the current market value of the property or the rental cost to the employer, if greater.

There are special rules for motor cars. The BIK will be based on a percentage of the Original Market Value ('OMV') of the car. The OMV is the retail value of the car when new. The percentage rate applied will depend on the annual business kilometres travelled, and ranges between 6% and 30% of the OMV.

Example: an employer makes a car available to an employee. The car is available for private use. The car's OMV was EUR 30 000 when new. The employee travels less than 24 000 km during the year on business. The BIK would be calculated at EUR 30 000 x 30% = EUR 9 000 for the year. That EUR 9 000 must be treated as notional pay and subjected to tax.

The scale benefit is reduced by any contributions made by the employee towards either the acquisition or running costs of the vehicle.

In the case of preferential loans made available to directors, employees, and their spouses or civil partners, the value of the benefit is the difference between the interest actually paid on the loan and the interest that would have been paid at a prescribed official rate (generally 13.5% or 4.0% per annum in the case of certain home loans).

Salary / Withholding Tax

Ireland operates a system of withholding tax on employment income and benefits-in-kind called 'PAYE' (Pay As You Earn). The Irish Revenue Commissioners supply the employer with a 'notice of determination of tax credits and standard rate cut-off point' for each employee. The notice advises the employer as to amount of the employee's monthly standard rate cut-off (i.e. the amount that will be subject to the lower rate of income tax, 20%), and monthly tax credits.

Taxation of personal business income

Personal business income, i.e. income from a trade or profession, is taxed on the basis of the profits as per the accounts, adjusted to disallow certain expenditure (i.e. business entertainment expenses etc). The rules for deductions etc. are similar to those for corporation tax.

Taxation of investment income

Dividends

Dividends are treated as income of the individual. Where the individual receives shares in lieu of cash (i.e. a 'scrip' dividend) the individual will be taxed on the amount that he or she would have received had an option to take the distribution in cash been exercised. Irish companies must apply a withholding tax on dividends (DWT) of 20%. Corporates and non-resident individuals may claim an exemption from DWT (see above). Credit is given against Irish tax for the amount withheld.

Interest

Deposit interest is subject to DIRT (Deposit Interest Retention Tax), which is a withholding tax. The rate of DIRT in 2016 is 41%. Corporates and non-resident individuals may be exempted from DIRT if they make a declaration in the prescribed form and return it to the deposit-taker.

Rents

Rental income is taxed as it arises (rather than when it is received). Deductions are allowed for expenses associated with the letting(s) (i.e. head rents, rates, maintenance, interest). However, in the case of residential properties, interest expense is restricted to 75% of the amount payable.

A tenant who pays rent directly to a non-resident landlord is required to withhold tax at the standard rate (20%) and remit same to the Revenue Commissioners.

Losses arising from rental properties are ring-fenced. That is to say, they may only be used to reduce future rental profits, and may not be set off against other income.

Allowances and deductions

Deductions may be given against specific classes of income, or against aggregate income ('general deductions').

Examples of specific deductions are:

- Contributions to personal pension/retirement schemes (PRSAs/RACs),
- Employment expenses

Example of a general deduction:

- Maintenance payments arising on the separation or dissolution of a marriage

Vouched medical expenses (excluding routine dental treatments) are relieved from tax at the standard rate (20%) even where the individual is a higher-rate taxpayer.



Ireland operates a tax credit system under which individuals can claim tax credits in respect of their personal circumstances.

Personal tax credits are:

- Single person: EUR 1650
- Married couple assessed jointly: EUR 3300

An additional PAYE credit of EUR 1650 is available for those whose employment income is subject to PAYE. The PAYE credit cannot be claimed by a proprietary director (director with a 15%+ shareholding in a company) or by his or her spouse in respect of employment income from a company. Other credits are available for certain personal circumstances. Alternatively, proprietary directors or self employed individuals may be entitled to an Earned Income tax credit.

Table 4 shows the variety of tax credits available in 2016:

Table 4

Personal Circumstances	2016 (EUR)
Single Person	1650
Married Person or Civil Partner	3300
Widowed Person or Surviving Civil Partner – qualifying for One Parent Family Tax Credit	1650
Widowed Person or Surviving Civil Partner without qualifying children	2190
Widowed Person or Surviving Civil Partner in year of bereavement	3300
Single Person Child Carer Tax Credit (with qualifying child)	1650
Widowed Person or Surviving Civil Partner Tax Credit (with qualifying child) – Bereaved in 2015	3600
Widowed Person or Surviving Civil Partner Tax Credit (with qualifying child) – Bereaved in 2014	3150
Widowed Person or Surviving Civil Partner Tax Credit (with qualifying child) – Bereaved in 2013	2700
Widowed Person or Surviving Civil Partner Tax Credit (with qualifying child) – Bereaved in 2012	2250
Widowed Person or Surviving Civil Partner Tax Credit (with qualifying child) – Bereaved in 2011	1800
Widowed Person or Surviving Civil Partner Tax Credit (with qualifying child) – Bereaved in 2010	0
Home Carer Tax Credit (max.)	1000
PAYE Tax Credit	1650
Earned Income Tax Credit	550
Age Tax Credit if Single, Widowed or Surviving Civil Partner	245
Age Tax Credit if Married or in a Civil Partnership	490
Incapacitated Child Tax Credit	3300
Dependent Relative Tax Credit ³	70
Blind Person's Tax Credit – Single Person	1650 ¹
Blind Person's Tax Credit – One Spouse or Civil Partner Blind	1650 ¹
Blind Person's Tax Credit – Both Spouses or Civil Partners Blind	3300 ¹
Incapacitated Person – Relief for Employing a Carer**	75 000 ² max

¹ Relief in respect of the cost of maintaining a guide dog (max EUR 825) may be claimed under the heading of Health Expenses.

² Relief for Employing a Carer is allowable at the individual's highest rate of tax, i.e. 20% or 40%.

³ No tax credit is due where the relative's income exceeds EUR 14 060.

Tax rates

Table 5 shows the rates of income tax applicable in 2016.

Table 5

Single Person	Taxable income (EUR)		Tax rate (%)
	Married Person (One Income)	Married Persons (Jointly assessed)	
First 33 800	First 42 800	First 67 600 ¹	20
Remainder	Remainder	Remainder	40

¹ The taxable income of either of the spouses may not exceed EUR 42 800.

The 20% rate is known as the 'standard rate' and the 40% rate as the 'higher rate'.

Inbound assignees – Special Assignee Relief Programme

Ireland operates a Special Assignee Relief Programme ("SARP") to incentivise the relocation of key talent within organisations to Ireland. The relief applies to employees arriving in Ireland in any of the three tax years 2015, 2016 and 2017. The relief is available for up to five consecutive tax years from first arrival in Ireland. In order to qualify for the relief, the individual must be an existing non resident employee of the employer and have a minimum salary of EUR 75 000 per annum.

Outward assignees – Foreign Earnings Deduction

In addition to providing relief for inbound assignees, Ireland also provides relief for outbound assignees under the Foreign Earnings Deduction ("FED"). The FED is a tax relief available to employees of Irish companies who spend time working abroad in any of 28 qualifying countries. The relief applies to Irish-resident individuals who spend at least 40 qualifying days working outside Ireland in any of the qualifying countries in a continuous 12-month period.

The relief operates by reducing incomes subject to Irish income tax by reference to the number of qualifying days spent working abroad in the year.

Returns and payments

The year of assessment for income tax and capital gains tax is the calendar year.

Self-employed individuals and individuals with personal investment income are assessable persons, and must file an annual return under the self-assessment system.

The due date to pay and file personal income tax returns is 31 October in the year following the tax year in which the income arose. The date could be extended to the second week in November where electronic filing ('ROS' – Revenue On-Line Service) was used. For the tax year 2015, the due date is 31 October 2016 or 10 November 2016.

Changes to pay and file dates

Tax is paid at the time the return is made, together with 'preliminary tax' for the current year. The amount of preliminary tax paid can be 90% of the estimated liability or 100% of the preceding year's liability. Where the taxpayer signs up to pay his or her tax in monthly instalments by direct debit from his or her bank account, the preliminary tax figure can also be based on 105% of the pre-preceding year's liability. The 105% option cannot be availed of where the tax liability for the pre-preceding year was nil.

Failure to pay and file on time will expose the individual to interest, penalties and the risk of a tax audit.

Interest is charged daily and at a rate of approximately 8% per annum on late payments. A 5% surcharge applies where a return is filed up to two months late (up to a maximum of EUR 12 695). A 10% surcharge applies where a return is filed more than two months late (up to a maximum of EUR 63 485).

An individual whose only income sources are employment income and Irish deposit interest subject to DIRT is not required to file a return of income. Instead such an individual falls within the 'Pay As You Earn' (PAYE) system. PAYE is a payroll withholding tax operated by the individual's employer.

Capital gains tax

Where an individual makes a gain on the disposal of a chargeable asset, the gain will be subject to capital gains tax (CGT). The gain is calculated on the difference between the proceeds of disposal (as reduced by the costs of disposal) less the base cost of the asset (as increased by acquisition costs, fees etc). For assets acquired prior to 2003 there is an adjustment for inflation called 'indexation relief'. Under indexation relief, the costs of acquisition are multiplied by an indexation factor, which varies depending on the year of acquisition (e.g. 7.528 for assets acquired in 1974, and 1.049 for assets acquired in 2002). However, for assets acquired in 2003 and after, the indexation factor has been set at 1. The current rate of CGT is 33%.

Gains arising from a trade of dealing in or developing land are governed by special rules.

Liability to Irish capital gains tax is set out in Table 6.

Table 6

Resident or Ordinarily Resident	Domiciled	Liability to Irish CGT
Yes	Yes	Worldwide gains
Yes	No	Irish gains and other gains to the extent that they are remitted to Ireland
No	Yes	Only on Irish specified assets
No	No	Only on Irish specified assets

'Irish specified assets' include Irish land, Irish minerals and mineral rights, assets situated in Ireland which are used for a trade conducted by a branch or agency, and shares in an unquoted company which derive the greater part of their value from Irish land or minerals.

Where a person disposes of Irish land or minerals (or shares in a company that derives the majority of its value therefrom), and the consideration for the disposal exceeds EUR 500 000, the purchaser must withhold 15% of the payment unless the vendor provides the purchaser with a CG50 tax clearance certificate.

Every individual has an annual exemption from CGT of EUR 1270.

CGT Pay and File rules

There are two dates for paying capital gains tax. Where a gain arises from a disposal in the period 1 January to 30 November (the initial period), CGT arising must be paid by 15 December in the same year. Where a gain arises from a disposal in the period 1 December to 31 December (the later period), CGT arising must be paid by 31 January in the following year.

Inheritance and gift tax

Ireland operates a transferee-based inheritance and gift tax, called capital acquisitions tax (CAT). It is charged on gifts and inheritances taken by an individual.

Territoriality

Irish CAT will apply where the donor or donee is resident or ordinarily resident in Ireland, or the subject matter of the gift or inheritance is located in Ireland.

Ireland has entered into two estate-tax conventions, one with the United States and the other with the United Kingdom, and these conventions contain particular rules for determining the situs of assets and the relief of double taxation. For other territories, Ireland may allow a unilateral credit against Irish tax for foreign tax paid in order to limit double taxation.

Rates of tax

The rate of CAT is currently 33% (since 6 December 2012). Tax is charged on gifts and inheritances exceeding certain thresholds. There are three thresholds, which depend on the relationship between the transferor and the transferee, as shown in Table 7.

Table 7

Group	Relationship to Donor	Threshold (EUR)
A	Son/ Daughter	280 000
B	Parent/ Brother/ Niece/ Nephew/ Grandchild	30 150
C	Other relationship	15 075

Prior gifts and inheritances within the same group are aggregated and reduce the available threshold.

Reliefs

The principal reliefs from CAT are 'business relief' and 'agricultural relief' (which can operate to reduce the taxable value of the gift by 90%). 'Favourite nephew relief' can operate to move a nephew or niece into the Group A threshold.

Returns and payment

The Pay and File date for CAT is 31 October. All gifts and inheritances with a valuation date in the 12 month period ending on 31 August must be included in the return to be filed by 31 October, as illustrated in respect of 2016 and 2017 in Table 8.

Table 8

Period in which valuation date of gift arose	Pay and File
1 September 2015 to 31 August 2016	31 October 2016
1 September 2016 to 31 August 2017	31 October 2017

Returns must be filed electronically.

Interest is charged daily and at a rate of approx. 8% per annum on late payments. A 5% surcharge applies where a return is filed up to two months late (up to a maximum of EUR 12 695). A 10% surcharge applies where a return is filed more than two months late (up to a maximum of EUR 63 485).

Wealth tax

Ireland does not have a wealth tax.

Domicile levy

The domicile levy is charged on an individual who is domiciled in Ireland and

- Whose worldwide income exceeds EUR 1 million
- The gross value of whose Irish property is greater than EUR 5 million and
- Whose liability to Irish income tax in a relevant tax year was less than EUR 200 000

The amount of the levy is EUR 200 000 less the amount of Irish tax paid. It is payable annually where the above conditions are met.

8. Other taxes

Stamp Duty

Ireland operates a stamp duty payable by the purchaser on the acquisition of certain assets. Stamp duty is chargeable on certain instruments (documents). Voluntary conveyances are stampable at market value.

Rates

The current rates of stamp duty are shown in Table 9.

Table 9

Property	Rate
Stocks and shares	1%
Residential property	
First EUR 1 000 000	1%
Excess over EUR 1 000 000	2%
Non-residential property	2%

Leases

A lease is chargeable to stamp duty on both the premium and the rent payable under the lease. The stamp duty chargeable on the premium is at the rate for residential or non-residential property as appropriate (i.e. 1% to 2%).

The stamp duty chargeable on rent varies with the term of the lease, as indicated in Table 10.

Table 10

Residential and Non-Residential Property	Rate
Lease for a term not exceeding 35 years or for any indefinite term	1% of the average annual rent
Lease for a term exceeding 35 years but not exceeding 100 years	6% of the average annual rent
Lease for a term exceeding 100 years	12% of the average annual rent

Where applicable, instruments must be stamped within 30 days of execution. Interest and surcharges apply where documents are not stamped within this time.

Property taxes

Residential properties

A tax on residential property was introduced for 2013 and subsequent years, the 'Local Property Tax'. Properties are grouped into EUR 50 000 increment bands and the tax is charged at the rate of 0.18% on the mid-point value of the relevant price band; i.e. a house valued at EUR 260 000 falls into the price band EUR 250 000 to EUR 300 000 and is taxed at a value of EUR 275 000, i.e. the tax payable is EUR 495 for a full year.

Commercial Properties

Local authorities charge 'commercial rates', a property tax on commercial properties.

9. Social security contributions

Ireland's social security charge is known as 'Pay Related Social Insurance' ('PRSI'). PRSI is charged on all employment and self-employment income subject to certain thresholds.

In addition, Ireland also charges a social levy called the 'Universal Social Charge' (USC).

PRSI Pay Related Social Insurance

Employee and employer contributions

Both the employee and employer pay PRSI. There are a number of different classes and thresholds but broadly the following applies:

Table 11

Weekly income band (Including if appropriate share-based remuneration)	Employee contribution (%)	Employer contribution (%)	Total (%)
Not exceeding EUR 352	0.00	8.50	8.50
More than EUR 376	4.00	10.75	14.75

In 2016, a PRSI credit of up to EUR 12 per week is available for incomes of less than EUR 424 per week. PRSI for employed persons has been extended to rental and investment income from 2014.

Self-employed contributions

All self-employed persons aged between 16 and 66 with earnings of more than a specified amount (currently EUR 5000 per annum) must pay PRSI. The rate of PRSI for self-employed persons is 4% and must be paid on all income i.e. including rental and investment income. Non-residents do not pay PRSI on unearned income.

USC – Universal Social Charge

A social levy called the Universal Social Charge ('USC') was introduced on 1 January 2011. It replaced two prior levies, the health contribution and the income levy. The Universal social charge is a tax payable on gross income from all sources, including notional pay, after any relief for certain capital allowances, but before pension contributions.

The rates of USC for 2016 are shown in Table 12.

Table 12

Band of gross income	Rate (%)
First 12 012	1.0
Next 6 656	3.0
Next 51 376	5.5
Balance	8.0

There is also a 3% surcharge on individuals who have non-PAYE income that exceeds EUR 100 000 in a year. An individual is exempt from USC where his or her total income for a year does not exceed EUR 13 000.

10. Moore Stephens in Ireland

Moore Stephens International is represented in Ireland by two firms:

Moore Stephens

Ulysses House

Foley Street

DUBLIN 1

T +353 (0) 1 888 1004

F +353 (0) 1 888 1005

accountancy@moorestephens.ie

www.moorestephens.ie

International liaison: Andy Quinn, andy.quinn@moorestephens.ie

Moore Stephens also has offices in Cork, where the international liaison partner is Ned Murphy: ned.murphy@moorestephens.ie

Moore Stephens Patrick McNamara

Pamdohlen House

Dooradoyle Road

LIMERICK

T +353 (0) 61 229666

F 353 (0) 61 302144

ms@msmcnamara.ie

www.mspatrickmcnamara.ie

International liaison: Maurice Lenihan, mlenihan@msmcnamara.ie

Appendix 1: Double tax treaties

Comprehensive double tax treaties

Ireland has comprehensive double taxation treaties with the following countries:

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

* denotes that treaty is not yet in force.

Estate, gift and inheritance treaties

Ireland has only two agreements covering taxes on estates, gifts and inheritances, namely those with:

United Kingdom	United States
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The agreement with the United States covers inheritances (transfers *mortis causa*) only.

Agreements for administrative cooperation and/or exchange of information

Within the European Union, mutual administrative assistance is governed by the Directives on exchange of information (2011/16/EU) as amended, together with its implementing Regulation (Regulation (EU) No 1156/2012), and the recovery of claims (10/24/EC). As regards VAT, the same function is performed by Council Regulation (EU) No 904/2010. Outside the European Union, Ireland is a party to the Convention on Mutual Administrative Assistance in Tax Matters, and has a separate agreements on exchange of information with the following:

Anguilla	Cook Islands	Liechtenstein
Antigua and Barbuda	Gibraltar	Samoa
Belize	Grenada	San Marino
Bermuda	Guernsey	St Lucia
British Virgin Islands	Isle of Man	St Vincent and the Grenadines
Cayman Islands	Jersey	

Social security agreements

The interaction of national social security systems within the European Economic Area is governed by EU Regulations which also extend, by agreement (and with some differences), to Switzerland. Ireland has pre-existing bilateral agreements with some of these states. These have largely been superseded by the EU regulations, but may be applied where, occasionally, they give a more beneficial result. The following non-EEA countries have social security agreements with Ireland, the terms of which differ from case to case.

Argentina*	Australia	The Bahamas*
Canada	Dominica*	Korea (South)
Japan	Marshall Islands*	Montserrat*
New Zealand	Saint Christopher & Nevis*	Turks & Caicos Islands
Québec	United States of America	Vanuatu*

* denotes that treaty is not yet in force.

Appendix 2: Moore Stephens around the world

Moore Stephens member firms may be found in 106 countries and territories around the world, with correspondent firms in another ten.

Albania	Denmark	Latvia	Russia
Argentina	Dominican Republic	Lebanon	Saudi Arabia
Australia	Ecuador	Liechtenstein*	Serbia
Austria	Egypt	Lithuania	Seychelles
Azerbaijan	El Salvador*	Luxembourg	Singapore
Bahamas	Estonia*	Macedonia	Slovakia
Bahrain	Finland	Malta	South Africa
Bangladesh	France	Mauritius	South Korea
Belgium	Germany	Mexico	Spain
Belize	Gibraltar	Monaco	Sri Lanka*
Bermuda	Greece	Mongolia*	Sweden
Bolivia	Guatemala	Morocco	Switzerland
Botswana*	Guernsey	Netherlands	Syria
Brazil	Honduras	New Zealand	Taiwan
British Virgin Islands	Hong Kong	Nicaragua	Thailand
Bulgaria	Hungary	Nigeria*	Tunisia
Burundi	India	Norway	Turkey
Cambodia*	Indonesia	Oman	Ukraine
Canada	Iraq	Pakistan	United Arab Emirates
Cayman Islands	Ireland	Panama*	United Kingdom
Chile	Isle of Man	Papua New Guinea	United States
China	Israel	Paraguay	Uruguay
Colombia	Italy	Peru	Venezuela
DR Congo	Japan	Philippines	Vietnam
Costa Rica	Jersey	Poland	Zambia
Croatia	Jordan	Portugal	Zimbabwe*
Cyprus	Kazakhstan	Qatar	
Czech Republic	Kuwait	Romania	

*denotes a correspondent firm only

For more detail, see www.moorestephens.com under 'Locations'.

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Moore Stephens International Ltd
150 Aldersgate Street
London
EC1A 4AB
United Kingdom

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