Ireland Country Profile

EU Tax Centre

February 2019

Key tax factors for efficient cross-border business and investment involving Ireland

EU Member State Yes

Double Tax Treaties With:

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

Most important forms of doing business Public limited company (plc), private limited company (LTD), unlimited liability company (ULC), a limited liability company with defined objects known as a designated activity company (DAC).

Legal entity capital requirements	Public Limited Company - not less than EUR 25,000, Private Limited Company - no minimum euro amount of share capital requirement, Unlimited Liability Company - no minimum euro amount of share capital requirement, Designated Activity Company - no minimum euro amount of share capital requirement
Residence and tax system	A company is resident if its central management and control is exercised in the Republic of Ireland. An Irish-incorporated company is resident for tax purposes regardless of where it is managed and controlled, subject to it being resident in a country under a double tax treaty which makes it non-resident for Irish tax purposes. For companies incorporated before January 1, 2015, other exceptions apply to the place of incorporation test under grandfathering provisions which potentially apply up to December 31, 2020. Resident companies are taxed on their worldwide income and gains. Non-resident companies are taxed on their Irish source income and real estate gains.
Compliance requirements for CIT purposes	Fiscal year: 1 January to 31 December (for income tax and capital gains tax). For corporation tax, tax accounting period generally follows accounting period. A tax return must be filed by the 21st day of the ninth month following the tax accounting period end and any balance of tax due must be paid by that date. Preliminary tax is paid in two installments – the first installment is due on day 21 of the sixth month of a 12-month accounting period and the second installment is due on day 21 of the eleventh month. The aggregate of the first and second installments of preliminary tax must represent at least 90 percent of the final tax liability for the accounting period to avoid interest and penalties. Small taxpayers only have to pay one installment and can pay based on prior period liability instead of current period estimate.
Tax rate	The standard corporate income tax rates are 12.5 percent (trading income), 25 percent (passive income), 33 percent (capital gains). Exemption from capital gains on disposal of qualifying substantial shareholdings.
Withholding tax rates	On dividends paid to non-resident companies 20 percent. Exemptions include EU parent companies, residents in DTT countries, companies controlled by treaty residents and companies controlled by companies whose principal class of shares are quoted and regularly traded on a recognized stock exchange of a treaty country/treaty countries. On interest paid to non-resident companies

20 percent on yearly interest. Numerous EU and treaty-based exemptions apply, as well as exemptions for interest paid on quoted Eurobonds and certain wholesale debt instruments.

On patent royalties and certain copyright royalties paid to non-resident companies

20 percent on patent and certain other royalties. Domestic relief for payments to residents of treaty countries, treaty relief and EU relief may apply.

On fees for technical services

No

On other payments

On annual profits which represent 'pure income profit' in the hands of the recipient.

Branch withholding taxes

No

Holding rules

Dividend received from resident/non-resident subsidiaries

Dividends paid out of trading profits by a company in which there is a significant shareholding (greater than 5 percent) and which is tax resident in the EU, in a country with which the Republic of Ireland has a DTT or which has ratified the Convention on Mutual Administrative Assistance in Tax Matters (for dividends from January 1, 2012), may be taxed at the rate of 12.5 percent (otherwise 25 percent). No minimum holding period.

There is also a credit for foreign withholding tax and underlying tax; credit is given for tax paid at any tier of subsidiary through which the dividends are paid; excess foreign tax credits can be offset against other dividends, or carried forward (any surplus foreign tax credits arising on dividends taxable at 12.5 percent will not be available for offset against tax on dividends at 25 percent. This must be carried forward to be offset against other dividends taxable at 12.5 percent in the future); credit also available for state and city taxes in the form of corporate income taxes. Additional notional credit relief is available for dividends from EU subsidiaries paid after January 1, 2013, in excess of credit relief otherwise available by reference to the nominal rate of corporation tax in the jurisdiction in which the profits from which the dividend is sourced have been subject to tax.

Capital gains obtained from resident/non-resident subsidiaries

Exemption if:

(1) At the time of the disposal, the investee company is resident in the EU or in a country with which the Republic of Ireland has a DTT,

(2) The disposal occurs at any time within an uninterrupted period of not less than 12 months ending in the previous 24 months, during which the investor

	company or a group member held at least 5 percent of the investee company, and (3) At the time of the disposal either the investee company must carry on a trade, or the business of the investor company, its 5 percent investee companies, the investee company and the investee's 5 percent investee companies taken as a whole consists wholly or mainly of trading activities. If these conditions are met, capital gains or losses incurred on the disposal of shares will be ignored for tax purposes.
Tax losses	Trading losses can be offset against total profits of the current period and excess carried forward indefinitely in the same and continuing trade. Trading losses may be surrendered to the group in the current period. Carry-back: 1 year. A substantial change both in the ownership of the company and in the nature or conduct of the trade may restrict this. Capital losses available only to offset capital gains.
Tax consolidation rules/Group relief rules	Group relief is available.
Registration duties	No
Transfer duties	On the transfer of shares 1 percent stamp duty on shares in Irish incorporated companies. 6 percent stamp duty on the transfer or sale which results in a change of control of shares in a company deriving its value from defined Irish non-residential property. On the transfer of land and buildings 1-2 percent stamp duty on residential property, 6 percent on other assets (other than shares that do not derive their value from Irish non-residential property and residential property) if transferred by way of a document. Various reliefs apply to transfers within 90 percent groups. Other reliefs and exemptions available for many third party transactions. Stamp duties Yes, please see above. Real estate taxes Local property tax applies to residential property. Annual rate of 0.18 percent based on market value on mid-point in bands of EUR 50,000 for properties < EUR 1,000,000, for value amount > EUR 1,000,000, rate of 0.25 percent applies. Local authorities can vary by increasing or decreasing the local rate by up to 15 percent.

Controlled Foreign Company rules	Controlled Foreign Company rules apply for accounting periods beginning on or after January 1, 2019. The regime assesses an Irish tax-resident company with a CFC charge based on an arm's length measure of the undistributed profits of the CFC that are attributable to the activities of Significant People Functions (SPFs) carried on in Ireland. The CFC charge does not apply where the essential purpose of the arrangements is not to secure a tax advantage.
Transfer pricing rules	General transfer pricing rules Yes, apply to transactions in the course of a trade with associated persons. The rules do not apply to arrangements for which the terms were agreed before July 1, 2010. Documentation requirement Yes. Not required to be contemporaneous with the transactions but this is best practice.
Thin capitalization rules	No
General Anti-Avoidance rules (GAAR)	Ireland has general anti-avoidance provisions that apply where there is an Irish tax advantage in a cross-border context.
Specific Anti-Avoidance rules/Anti Treaty Shopping Provisions / Anti-Hybrid rules	Ireland has specific anti-avoidance provisions that apply in a cross-border context. Examples include legislation on the transfer of assets abroad, exit tax in line with the European Union (EU) Anti-Tax Avoidance Directive (ATAD) (for companies which transfer their tax residence, a business or chargeable business assets outside of Ireland) and general anti-avoidance legislation. In a number of instances, a local tax relief (such as deduction or relief from withholding tax) is dependent on the recipient being subject to tax. No specific anti-treaty shopping provisions apply in domestic legislation, however Ireland has chosen to apply a principle purpose test (PPT) to its covered tax treaties under the Multilateral Instrument to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI). Ireland completed the MLI ratification process in January 2019 and it will enter into force in 2019 for double tax treaties where the treaty partner has also ratified the MLI.
Advance Ruling system	No, but non-binding opinions available.
IP / R&D incentives	Relief for capital expenditure incurred on IP. 25 percent tax credit for R & D expenditure. Knowledge Development Box which is compliant with the OECD/EU approved 'Modified Nexus Approach' - profits from qualifying

patents and software assets taxed at 6.25 percent with effect from tax accounting periods beginning on or after January 1, 2016.

Other incentives	Employment and Investment Incentive, Start-Up Refunds for Entrepreneurs, Special Assignee Relief Programme for expat taxation, Foreign Earnings Deduction for employees travelling to BRICS and certain other countries outside the EEA, Film Relief, Entrepreneur Relief with a 10 percent capital gains tax rate capped at lifetime EUR 1,000,000 capital gains, Key Employee Engagement Programme (which applies to qualifying options granted to employees during the period January 1, 2018 to December 31, 2023).
VAT	The standard rate is 23 percent, and the reduced rates are 13.5 percent, 9 percent, 4.8 percent and 0 percent.
Other relevant points of attention	Tax transparency Ireland has introduced Country-by-Country Reporting rules, requiring all multinational groups with a turnover in excess of EUR 750 million to file a Country-by-Country report for accounting periods commencing on or after January 1, 2016, unless that group files a report in another jurisdiction which has signed up for the exchange of Country-by-Country reports. Ireland will share Country-by-Country reports with tax administrations of other countries under the EU's Directive on Administrative Cooperation (DAC4) and also under the OECD's exchange program. Ireland will also automatically exchange tax rulings as required under the EU's Directive on Administrative Cooperation (DAC3) and in accordance with OECD requirements as set out in the October 2015 final report under Action 5 of the BEPS Project. Ireland shares information on financial accounts under FATCA, EU DAC and CRS. Ireland requires certain companies and trusts to hold and maintain registers of their beneficial owners in accordance with the provisions of the 4th EU Anti-Money Laundering Directive (AMLD4). This information will be maintained in an Irish central register and shared with other EU competent authorities in due course in accordance with the provisions of AMLD4 and AMLD4.

Source: Irish tax law and local tax administration guidelines, updated 2019.

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