DOING BUSINESS IN Ireland

HLB Ireland

FOREWORD

This booklet has been prepared for the use of clients, partners and staff of HLB International member firms. It is designed to give some general information to those contemplating doing business in Ireland and is not intended to be a comprehensive document. You should consult us, therefore, before taking further action. HLB Ireland and HLB International cannot be held liable for any action or business decision taken on the basis of information in this booklet.

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ABOUT HLB INTERNATIONAL

Formed in 1969, HLB International is a world-wide network of independent professional accounting firms and business advisers. The network comprises member firms in more than 110 countries who, collectively, have 16,000 staff in 500 offices. Member firms provide clients with a comprehensive and personal service relating to auditing, taxation, and accounting and general and financial management advice.

Up-to-date information and general assistance on international matters can be obtained from any of the member firm partners of HLB Ireland listed in this booklet or from the Executive Office in London.

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GENERAL INFORMATION

Location

The island of Ireland is located in the extreme north-west of the European continent. Northern Ireland is not covered in these pages due to the fact that it is a part of The United Kingdom.

Government

The Republic of Ireland (hereafter Ireland) is a parliamentary democracy and comprises of the President (an tUachtarán) and two Houses: a House of Representatives (Dáil Éireann) and a Senate (Seanad Éireann). The sole and exclusive power of making laws for the State is vested in Parliament. The functions and powers of the President, Dáil and Seanad derive from the Constitution of Ireland (Bunreacht na hÉireann) and law.

Ireland is a member of the European Union (EU) since 1973 and is also a member of the most major international organisations, including the United Nations, UNESCO and World Bank.

Law

Irish law is based on Common Law as modified by subsequent legislation and by the Constitution of 1937. Statutes passed by the British parliament before 1921 have the force of law unless repealed by the Irish Parliament.

As Ireland is an EU member state, the business environment is governed by Irish domestic legislation, EU legislation and various international agreements.

Climate

The climate of Ireland is mild, moist and changeable with abundant rainfall and a lack of temperature extremes. Ireland's climate is defined as a temperate oceanic climate. Ireland does not suffer from the extremes of temperature experienced by many other countries at similar latitude.

The average annual temperature is about 9 °C. In the middle and east of the country temperatures tend to be somewhat more extreme than in other parts of the country. For example, summer mean daily maximum is about 19 °C and winter mean daily minimum is about 2.5 °C in these areas.

Transport Infrastructure

Ireland has three international airports in Dublin, Cork and Shannon, and six regional airports. Most European cities are accessible within one to three hours flying time (London – one hour), with direct flights to most US cities and many Asian and African cities. The main Irish seaports are Dublin, Cork, Rosslare and Waterford. Ireland has invested heavily to upgrade its infrastructure and has a very modern transport and communications network nationwide.

Facts and Figures

Nationality	**Irish**
Area	**70,282 sq. km**
Population	**4.595 million**
Capital	**Dublin**
Currency	**Euro (€)**
Language	**English**
Time	**GMT + 0.00**

INVESTMENT FACTORS

Ireland continues to be one of the most favoured global locations for investment. Approximately 1,000 Multinational Corporations have chosen to locate their strategic European base in Ireland and in many cases to move their headquarters to Ireland. Due to a number of innovative measures by Government creating a pro-business environment coupled with a low tax environment, Ireland will remain an attractive location to establish a business.

Government Incentives

Industrial Development Agency (IDA)

IDA Ireland is a Government agency that was set up to promote Ireland's inward investment. The IDA provides a range of services and incentives, including funding and grants, to those considering foreign direct investment in Ireland, including:

- Research and development grants
- Research and development feasibility grants
- Employment Grants
- Capital Grants
- Training Grants
- Research Technology and Innovation Grants

There are also numerous Government agencies specifically dedicated to supporting and promoting indigenous business development within Ireland. These agencies offer a range of business supports through all stages of business development.

The County and City Enterprise Boards

The County and City Enterprise Boards were established to develop business and entrepreneurial activity within the micro-business sector at a local level throughout Ireland. They provide both funding support and business mentoring and advice.

Enterprise Ireland

Enterprise Ireland is the Government organisation responsible for the development and growth of Irish indigenous business in world markets. They work in partnership with Irish indigenous businesses to help them start, grow, innovate, win export sales in world markets and provide key funding supports through all stages of business development.

InterTrade Ireland

InterTrade Ireland is an agency that was established to develop cross-border business activity between the Republic of Ireland and Northern Ireland for the mutual benefit of both economies. They provide funding and advice to those companies wishing to explore cross-border opportunities.

European Union (EU) Incentives

The European Union has set up Structural Funds and Cohesion Funds, as part of its regional policy.

The joint objectives are to promote convergence, regional competitiveness and employment, and to increase territorial cooperation between European regions. To achieve these aims, investment is given to companies to create jobs, encourage research and innovation and to promote regional cooperation.

Investment and Tax Considerations

a) Investment Considerations:

- An extremely attractive corporation tax rate of 12.5% combined with an efficient tax administration system.
- Employment regulations and social security.
- Extensive tax treaty network.
- Transfer pricing rules which only apply to trading activities and excludes SMEs.
- No Thin Capitalisation rules.
- Favourable treatment of Foreign Dividend Income.
- Attractive Holding Company regime (includes Participation Exemption).
- Group relief for losses.
- No controlled foreign company legislation.
- No capital duty on the issue of shares.
- No exchange controls.

Employment Regulations

Employment protection laws in Ireland apply to all employees working in Ireland, whether from Ireland, the European Economic Area (EEA) or outside of the EEA. Whether these laws apply to Irish employees working abroad depends on the employment contract and the nature of the employee's posting abroad.

The primary legislation regulating employment relationships include: Unfair Dismissals Acts 1977 to 2007, Employment Equality Acts 1998 to 2007, National Minimum Wage Act 2000, Terms of Employment (Information) Acts 1994 to 2001, Maternity Protection Acts 1994 to 2004, Minimum Notice and Terms of Employment Acts 1973 to 2005. Protection of Employees (Part-Time Workers) Act 2001, Protection of Employees (Fixed-Term Workers) Act 2003, Directive 2001/23/EC Business transfers and takeovers (TUPE).

- **Work Permits:**

EU/EEA/Switzerland: In general nationals of EU member states, the other EEA countries and Switzerland have the right to land in Ireland (subject to some narrow restrictions). Those individuals do not need a visa but they will need a valid passport or identity card in order to land. They are generally entitled to take up residence in Ireland if they are employed or self-employed. They are entitled to come to Ireland to study or retire here if they meet certain conditions.

Other countries: Nationals of other countries need permission to land in Ireland and need permission to remain in Ireland. This does not apply if that individual is a family member of an EU/EAA/Swiss national who is exercising the right of free movement. Such individuals require a residence card.

- **Social Security Costs:**

Ireland's social security costs, known as Pay Related Social insurance (PRSI), is currently set at the favourable rate for employees of 4% of salary. Employers pay 10.75% of employees' salaries.

Treaty Network:

Ireland has signed comprehensive double taxation agreements with 72 countries, of which 68 are in effect, which provide for the elimination of double taxation. In addition, where a double tax agreement does not exist with a jurisdiction, there are unilateral provisions in the Irish Tax code which allow credit relief against Irish tax for foreign tax paid in respect of certain types of income. Ireland continues to negotiate new treaties.

Transfer Pricing:

Transfer pricing rules apply the arm's length principle to trading transactions between associated persons. The rules do not apply to SMEs i.e. enterprises that employ less than 250 employees and have a turnover not exceeding €50 million or total assets not exceeding €43 million. The rules only apply to trading activities.

Thin Capitalisation:

Ireland has no specific thin capitalisation provisions and there is no requirement for a company to have any minimum equity capital.

Foreign Dividend Income:

Foreign Dividend Income is liable to corporation tax at 12.5%, 25% in the case of dividends from non-trading profits. The usual effect is that no incremental Irish tax arises on Foreign Dividend Income as a result of our tax credit pooling system.

The favourable 12.5% rate applies where a company receives dividends out of the trading profits of a company which is tax resident in the EU or a country with which Ireland has a double tax treaty. It can also apply to dividend income from companies located in countries with which Ireland has ratified the OECD Convention on Mutual Assistance in Tax Matters but with whom Ireland does not have a treaty or they are not part of the EU. The main country that this applies to is Brazil.

Withholding Tax on Dividend Income:

There is no withholding tax on dividends paid to treaty countries (or intermediate non-treaty subsidiaries) under domestic law.

Holding Company Regime - Participation Exemption:

This provides for an exemption from capital gains tax for certain disposals by an investor company of shares held by it in a qualifying subsidiary company provided certain trading and shareholding conditions are met.

Group Relief for Losses:

Relief for group losses, although subject to complex rules, is extended to members of the loss group resident in Ireland, another EU/EAA member state, tax treaty countries and any company (and the subsidiaries of such a company) which has its principal class of shares substantially and regularly traded on a recognised stock exchange.

Controlled Foreign Company Legislation:

Ireland does not have any controlled foreign company legislation, therefore it does not impute income from other jurisdictions to be attributable to Ireland even where the income arises from a lower tax jurisdiction.

Exchange Controls:

There are no exchange controls in Ireland. Any sums of money in any currency can be freely brought into or taken out of the country, without disclosure or other formalities. However, the Minister for Finance can restrict financial transfers between Ireland and other countries provided the restriction conforms to EU law (Financial Transfers Act 1992).

b) Tax Considerations - Reliefs and Incentives

In order to continue the success of indigenous enterprise and foreign direct investment a number of innovative measures are available which include the following:

Special Assignee Relief Programme:

SARP provides for income tax relief on a proportion of income earned by an employee who is assigned by his or her relevant employer to work in the State for that employer or for an associated company in the State of that relevant employer. An employee arriving in the State in 2015, 2016 or 2017 must have worked for the relevant employer, for a minimum period of six months prior to arrival in the State. A relevant employer is a company that is incorporated and tax resident in a country with which Ireland has a double taxation agreement or a tax information exchange agreement.

Where certain conditions are satisfied, an employee can make a claim to have a proportion of his or her earnings from the employment with the relevant employer or with an associated company disregarded for income tax purposes.

For 2015, and subsequent years, the proportion is determined as 30% of an employee’s income over €75,000.

Income which is disregarded income for income tax purposes is **not** exempt from the Universal Social Charge (USC) or Pay Related Social Insurance.

The relief can be claimed for a maximum period of five consecutive years commencing with the year of first entitlement.

In addition, employees who qualify for relief under this section may also receive, free of tax, certain expenses of travel and certain costs associated with the education of their children in the State.

Foreign Earnings Deduction:

Introduction

For the years up to 2017 employees who carry out part of the duties of their employment in Brazil, Russia, India, China, South Africa, Japan, Singapore, South Korea, Saudi Arabia, The UAE, Qatar, Bahrain, Indonesia, Vietnam, Thailand, Chile, Oman, Kuwait, Mexico, Malaysia, Egypt, Algeria, Senegal, Tanzania, Kenya, Nigeria, Ghana, or the Democratic Republic of the Congo (each of these countries is known as a "relevant state") may claim a tax deduction known as the Foreign Earnings Deduction.

Qualifying Conditions

The basic condition is that, within a period of 12 months (part of which is in the tax year to which the claim relates), the employee has worked in one or more of the relevant states for a minimum period of 40 "qualifying days".

A "qualifying day" is a day that is one of at least three consecutive days devoted substantially to carrying out the duties of the relevant employment where, throughout the whole of each such day, the individual is present in a "relevant state".

Saturdays, Sundays and public holidays, throughout the whole of which the individual is present in a "relevant state" and which form an unavoidable part of a business trip to a "relevant state", may be counted as “qualifying days”.

Days spent travelling to and from a "relevant state" where the individual is not present for the whole of the day in a "relevant state" may not be counted. However, days spent in uninterrupted travel between "relevant states" may be counted as qualifying days.

Research and Development Tax Credit:

This relief was introduced to promote qualifying research and development activities in the field of science and technology. The provisions of this relief are detailed but the main points of the scheme are as follows:

- It is available to all companies within the charge to Irish tax, who undertake qualifying activities within the EU/EEA.
- The relief provides for a tax credit of 25% of expenditure by a company, or group of companies, incurred wholly and exclusively on research and development. The credit is first used to reduce corporation tax and any excess can be repaid even where corporation tax losses are incurred.
- The credit is available in addition to any allowable deductions given for R&D expenditure in the accounts of the company i.e. an additional relief of 25%.
- Companies in receipt of the R&D credit have the option to use a portion of the credit to reward and incentivise key employees subject to certain conditions.

Intangible Assets and Intellectual Property (IP) Relief in Ireland:

The relief applies to qualifying acquisitions and allows for the capital expenditure to be written off in line with the accounting treatment, or a fixed period of 15 years. The relief is given by means of a tax depreciation (capital allowance) deduction available against trading income from the management, development or exploitation of the intangible asset concerned. There is no clawback after 10 years on expenditure incurred after 4 February 2010 (previously 15 years). Deductible allowances are capped at 80% of profits from the relevant trade.

The regime applies to specified intangible assets recognised under generally accepted accounting practice, which includes patents, copyright, registered designs, design rights or inventions, trademarks, trade names, brands, brand name, domain name, service mark or publishing title, know-how, certain software, costs associated with applications for certain legal protection.

Other existing provisions continue to apply, separate to the new scheme, for revenue and capital expenditure on qualifying scientific research and the acquisition of software, where the software is used for “end use” business purposes.

Employment and Investment Incentive (EII) Scheme and Start Up Refunds for Entrepreneurs (SURE):

The Employment Investment Incentive (EII) is a tax relief incentive scheme that provides Tax relief for investment in a range of corporate trades. The scheme allows an individual investor to obtain income tax relief on investments up to a maximum of €150,000 per annum. Qualifying companies must carry out their activities through a fixed place of business in the State. Certain restrictions apply to the type of companies and investor.

The qualifying company can raise up to €15 million in equity funding, subject to a maximum of €5 million in any one year.

The SURE scheme is available to employees and unemployed persons who invest in corporate trades and is given by way of relief against previous employment income.

Corporation Tax Relief for Start Up Companies:

New companies which start to trade may be exempt from corporation tax on their first three years of trading. Relief applies where the total corporation tax payable for an accounting period does not exceed €40,000, with marginal relief available where total corporation tax payable is between €40,000 and €60,000.

Film Investment Relief:

Film Relief tax breaks have been in place for many years. The scheme was recently reformed in order to provide a stimulus for film creation. A 32% tax credit is provided to film production companies who meet the criteria for the scheme.

Investment in Forestry:

Profits or gains arising from the occupation of woodlands in the State, managed on a commercial basis and with a view to the realisation of profits are not to be taken into account for tax purposes. This applies to both Individuals and Corporates. The tax free status of such income is preserved when dividends are paid out of such income.

Artists' Exemption

From 2015 the first €50,000 per annum of profits or gains earned by writers, composers, visual artists and sculptors from the sale of their work is exempt from income tax in Ireland in certain circumstances. For the years 2011 to 2014 the maximum amount which was exempt was €40,000.

Guidelines have been drawn up by the Arts Council and Minister for Arts Heritage and the Gaeltacht, with the consent of the Minister for Finance, for determining for the purposes of Section 195 whether a work is an original and creative work and whether it has, or is generally recognised as having cultural or artistic merit. The Revenue Commissioners may consult with a person or body of persons, such as The Arts Council, which may be of assistance to them in reaching decisions in relation to Artists' Exemption.

The scheme provides that the Revenue Commissioners can make determinations in respect of artistic works in the following categories only:

a. A book or other writing
b. A play
c. A musical composition
d. A painting or other like picture
e. A sculpture

Sources of Finance

Finance is one of the most important aspects of a business and is reflected at all stages of its development. Businesses continuously require external support to fund crucial business activities and exploit emerging opportunities. Generally business financing can take two forms: debt or equity.

Debt Financing Sources:

The first source of funds that typically comes to mind when seeking finance, is a bank. Banks offer various forms of debt financing including business loans, overdrafts and asset finance.

Loans

- Short-Term Loan; - Usually repayable within one year or less, a short term loan is generally required to finance temporary working capital needs.

- Medium/-Long Term Loan; - Usually repayments are made over a longer period of time than that of a short term loan and are generally granted for a specific purpose.

Overdraft

An overdraft is the most common source of short-term finance available and is used in conjunction with a current account.

It is a flexible source of funding used to fund the day-to-day operating requirements of a business which could include working capital funding, seasonal fluctuations in business cash flow or dealing with late payment by debtors.

Asset Finance

- Leasing; - Leasing allows a business to obtain the use of selected plant, equipment or vehicles over an agreed term, in exchange for a fixed rental.

- Hire Purchase;- Hire Purchase (HP) is an agreement whereby fixed plant / equipment / vehicles are purchased by the bank on behalf of the customer and hired for an agreed term.

Equity Financing Sources:

Private investment can be another way to finance the development, start-up and commercialisation costs of businesses. Raising capital through equity can be done in one of two ways; either, selling part of the business to third parties and using the finance to fund business activities or the promoter can invest their own funds into the business. As outlined in the sections relating to Investment Considerations, the presence of the EII Scheme, SURE Scheme and possible equity funding through Government Agencies means that there are many attractive alternatives for equity funding of companies.

Venture Capital

In addition to injecting cash into the company, the venture capitalist is likely to add considerably to the credibility of the company and to supply management expertise, support and access to their contacts. The company will also benefit from the expertise of the venture capitalist.

Business Angel Networks

Business Angels are similar to Venture Capitalists in that they provide funds in return for a percentage ownership of the business. The difference is, however, that Business Angels invest their own private funds into the business and for this reason, they often seek to realise a higher return based on the level of associated risk.

Stock Exchange

The Irish Stock Exchange (the ISE) is a key part of Ireland's financial services infrastructure, providing markets for companies to raise capital and trading services which enable active and efficient trading in a wide range of securities.

The-ISE operates a choice of three markets:

- **The Main Securities Market (MSM)**, the principal market for Irish and overseas companies, which admits a wide range of security types such as equities, Irish Government bonds, debt securities, exchange traded funds (ETFs) and investment funds.

- **The Enterprise Securities Market (ESM)**, an equity market designed for small to medium sized growth companies.
- **The Global Exchange Market (GEM)**, a specialist debt market for professional investors.

TYPES OF BUSINESS ORGANISATIONS

Sole Trader

Establishing as a sole trader is the simplest form of business structure. There are minimal legal formalities, compliance requirements and costs associated with the operation of a business as a sole trade and this form of business entity appeals mainly to small enterprises.

Because the business risk is undertaken directly by the owner, he or she is personally liable for the business' obligations and may be required to pledge personal assets as security when borrowing funds. However, the owner has absolute managerial control and direct access to profits.

Partnerships

Partnerships Generally:

Under Irish law, a partnership is defined as the relationship that exists between "two or more persons carrying on business in common with a view to making a profit". In practice most partnerships exist between individuals. However a partnership may exist between individuals and companies and between companies alone. The partnership entity does not have a legal identity separate to that of its partners. The partnership therefore does not enter into contracts in its own name but in the name of its partners. Subject to the terms of any agreement governing the partnership, the assets of the partnership in general belong jointly to the persons making up the partnership and each partner is in general jointly and severally liable for the debts of the partnership. It is usual for a general partnership to prepare accounts showing the results of the partnership business but they are not obliged to file these accounts on the public record.

Limited Partnership:

A limited partnership is a particular type of partnership which allows some of the partners to benefit from limited liability. Such a partnership consists of at least one general partner (who has unlimited liability) and one or more limited partners. Limited partners are liable for partnership obligations only to the extent of the cash and property they contribute. Where the general partner is a limited company, the limited partnership is obliged to file its accounts for public record with the Companies Registration Office (CRO). A partnership, limited or general, is required to register the business name of the partnership with the Registrar of Business Names.

Company Legislation

The Companies Act 2014 had a commencement date of 1st June 2015. It marks a significant development in the strategic reform of Irish company law and represents a strong desire on Ireland's part to ensure that there is a modern company law regime in place that will further enhance Ireland's attractiveness as a place to do business.

The two main types of company in Ireland are private companies and public companies. The vast majority of companies registered in Ireland are private companies limited by shares. They are by far the most popular form of business entity for inward investment projects. The shareholders of a private limited company have limited liability. Public limited companies are typically used where securities are listed or offered to the public.

The 2014 Act, introduced two types of private limited company; a new model company ("LTD") with simplified constitutional and governance structures, and a designated activity company ("DAC") which is close in form to the existing private limited company and which will also benefit from certain reforms introduced by the 2014 Act. Existing private companies have an 18-month transition period to convert into one of the new company types.

Generally speaking, a company can be formed within 2 weeks of a cost of €500.

Limited Company (LTD):
The LTD is the simplified model company available under the Companies Act 2014. The legislation regarding the simplified private company limited by shares is set down under Parts 1-14 of the Companies Act 2014. Its key features are outlined in the table below.

Name:	Its name must end in Limited or LTD.
Constitution:	A LTD can have a one document constitution. The LTD will not have an objects clause and may or may not have supplemental regulations in addition to being governed by the Act into which Table A, the model set of Articles under the 1963 Act, has now been codified into the Companies Act 2014.
Corporate Governance:	A LTD may have just one director. It can have between one and 149 members. It must have a company secretary who can be one of the directors in a multi director company A LTD may dispense with the holding of an AGM by including this in its constitution.
Share Capital:	A LTD is not required to have an authorised share capital. A LTD cannot list debentures.
Filing Requirements:	A LTD may benefit from an audit exemption. All LTDs are obliged to file accounts annually.

Designated Activity Company (DAC):

The legislation regarding Designated Activity Companies is set down under Part 16 of the Companies Act 2014.There are two types of DAC:

- A private company limited by shares registered as a DAC.
- A private company limited by guarantee and having a share capital registered as a DAC.

Its key features are outlined in the table below.

Name:	Its name must end in the words designated activity company or DAC.
Constitution:	A DAC must carry on an activity in the State and this must be stated in its Memorandum of Association. Therefore a DAC must have an objects clause and also a Memorandum and Articles of Association which comprise its constitution. Although a DAC must have an objects clause, persons dealing with a DAC will not be prejudiced if the company is acting beyond its capacity and any person doing business with a company is no longer bound to inquire as to whether the activity is within the company's capacity. However the directors may be held to account for causing the company to act in such a manner. An ultra vires act can be ratified by special resolution. A separate resolution can absolve the directors from any liability arising. A special resolution can be passed to alter a DAC's objects. The Memorandum must state whether the DAC is limited by shares or by guarantee. The Articles may contain regulations regarding the internal running of the company or it may simply contain a statement to the effect that the provisions of the Act are adopted. Where the Articles do not expressly exclude or modify an optional provision in the Act the provision will be deemed to apply. The Articles can be amended or added to by special resolution.
Corporate Governance:	A DAC must have a minimum of two directors. It can have between one and 149 members. A DAC may dispense with the holding of an AGM.
Share Capital:	A DAC can list debentures.
Filing Requirements:	A DAC may not avail of an audit exemption where it has debentures admitted to trading, or where it or its holding company is a credit institution or insurance undertaking. If a DAC is a not-for-profit it can gain an exemption from filing financial statements with its annual return.

Public Limited Company (PLC):

Public limited companies have the same essential characteristics as private limited companies i.e. the liability of members is limited to the amount of nominal capital subscribed, but the key differences are:

- Shares in a public limited company are freely transferable;
- There is no restriction on the maximum number of members but the minimum number is seven;
- Shares may be issued to the public and may be listed on a stock exchange; and
- Certain additional reporting and capital requirements apply to such companies.

The word "public" refers not to the listing of the company's shares on a stock exchange, but rather to the facility to issue shares under a general public offering. Any limited company that does not qualify as a private company is deemed to be a public limited company.

Unlimited Company:

Under Part 19 of the Companies Act 2014 there are three distinct types of unlimited company:

- The private unlimited company with a share capital (ULC).
- The public unlimited company with a share capital (PUC).
- The public unlimited company without a share capital whose liabilities are guaranteed by its members (PULC).

Name:	The name of all three types must end in "unlimited company" or "UC".
Constitution:	It must have an objects clause and a two document constitution comprising of a Memorandum and Articles of Association. The Memorandum of an ULC and a PUC must state the share capital of the company while the Memorandum of a PULC must state that the company does not have a share capital. The Articles may contain regulations regarding the internal running of the company or it may simply contain a statement to the effect that the provisions of the Act are adopted. Where the Articles do not expressly exclude or modify an optional provision in the Act the provision will be deemed to apply. A special resolution can be passed to alter an unlimited company's objects. Although an unlimited company must have an objects clause, persons dealing with it will not be prejudiced if the company is acting beyond its capacity and any person doing business with a company is no longer

	bound to inquire as to whether the activity is within the company's capacity. However the directors may be held to account for causing the company to act in such a manner. An ultra vires act can be ratified by special resolution. A separate resolution can absolve the directors from any liability arising. The Articles can be amended or added to by special resolution. Debenture holders shall be entitled to object to the alteration of the objects clause and must be given notice of the meeting where the resolution to alter the objects is to be passed.
Corporate Governance:	An unlimited company must have at least two directors. New members must be approved by the directors. Membership ceases on de-registration or death. A single member unlimited company may dispense with the requirement to hold an AGM. A multi-member unlimited company may not.
Share Capital:	An ULC cannot list securities but a PUC and a PULC may list debt securities. Unlimited companies will be able to reduce their share capital and also make distributions other than out of distributable profits. A share transfer instrument for an unlimited company must be signed by both the transferor and the transferee.
Filing Requirements:	An unlimited company will be exempt from filing accounts with the CRO (unless there is a limit on the liability of all of the members). An unlimited company can avail of audit exemption. Director's compliance statements are not necessary for unlimited companies. Where there are changes in the interests of the members of a PULC in the financial year, the particulars must be given in the notes to the financial statements.

Foreign Incorporated Companies Trading in Ireland

Foreign companies (i.e. companies incorporated outside of Ireland) may conduct business in Ireland through a branch or place of business, depending on the level of independence of the Irish operation.

Branch:

For Irish company law purposes, a branch is a division of a foreign company trading in Ireland that has the appearance of permanency, has a separate management structure, has the ability to negotiate contracts with third parties and has a reasonable degree of financial independence. EU regulations have been implemented that impose a similar registration regime on branches to that imposed on local companies.

A foreign company setting up a branch in Ireland is required to file basic information with the Companies Registration Office.

A foreign company trading in Ireland through a branch is also required to file its financial statements with the Companies Registration Office within eleven months of the parent company's year end or at the same time as they are published in the country of incorporation, whichever is earlier.

Place of Business in Ireland:

A foreign company undertaking business in Ireland from a fixed place of business, not being a branch, must file a copy of its constitution together with a list of the directors of the company and the address of its established place of business in Ireland with the Companies Registration Office.

Foreign companies that have a place of business in Ireland (not being a branch) and that would be regarded as a public limited company if registered in Ireland are required to file annual accounts with the Companies Registration Office.

Both branch and agency must register for taxation with the Revenue Commissioners for their trading activities carried on in Ireland.

TAXATION

General Structure

The Office of the Revenue Commissioners is the primary State body responsible for the assessment and collection of taxes and duties in the Republic of Ireland.

Tax legislation is extensive and can be confusing for an individual or organisation starting a business in the Republic of Ireland. It is important to take specific tax advice for your circumstances to ensure you are not suffering more tax than you are legally required to pay, and to ensure you are claiming the appropriate and correct rate of allowances to which you may be entitled.

Ireland's fiscal year operates on a calendar year basis. For accounting purposes in respect of trades or businesses for both corporate and personal taxation purposes, an accounting period can end at any time in that fiscal year but cannot be longer for tax purposes than twelve months.

Corporate Taxation

Irish corporation tax is charged on the total worldwide profits and gains of Irish resident companies. Companies not resident in Ireland but carrying on a trade in Ireland through a branch or agency are subject to corporation tax in respect of the trading profits arising from that branch or agency and in respect of chargeable gains from the disposals of certain Irish based assets, principally land and buildings situated in Ireland and Irish based assets used for the purposes of the trade carried on through the branch or agency.
Losses can be carried forward for offset against profits from the same trade indefinitely.

Non-resident companies that do not carry on a trade in Ireland through a branch or agency may still have an exposure to Irish tax in respect of income arising in Ireland. Such companies will also be liable to Irish Capital Gains Tax on disposals of specified Irish assets. There may be provision for relief under the provisions of a DTA.

A company can select its year end and Corporate Tax returns are due to be submitted just under nine months after the financial year end.

Residence:

While the place of incorporation is a factor, broadly a company will be deemed to be resident in Ireland if its centre of management and control is located in Ireland.

Tax Rates:

The standard rate of corporation tax in Ireland is 12.5% on trading income. A rate of 25% applies to non-trading/passive income e.g. certain dividends, interest and rents and certain other trades. A close company surcharge may also arise for certain passive income. A rate of 33% applies to capital gains.

Capital Allowances:

Generous tax allowances are available in relation to expenditure incurred in respect of:

- Plant and Machinery.
- Industrial Buildings.

Research and Development (R&D) Tax Credit:

Tax credits, of 25% of expenditure, are available for research and development expenditure where certain conditions are met. This tax relief was introduced in Finance Act 2004 to incentivise large multinationals to locate an R&D unit here and to encourage Irish companies to invest in R&D activities.

Intangible Asset/IP Relief:

A tax deduction is granted as a capital allowance, in line with the depreciation or amortisation for accounting purposes. Alternatively, a company can elect to take the write off against its taxable income over a fifteen year period. The capital allowances that are available can only be offset against income generated from exploiting intangible assets or as a result of the sale of goods or services that derive the greater part of their value from the intangible assets (referred to as a "relevant trade"). The aggregate amount of deductible allowances that are available will be capped at 80% of profits from the relevant trade in a given accounting period.

Personal Income Tax

Residence, Ordinarily Residence and Domicile

Residence:

An individual is deemed to be a tax resident in Ireland where he or she is present in Ireland for:

- 183 days or more in a calendar year, ***or***
- He or she is present in Ireland for a combined total of 280 days or more taking the current and preceding calendar years together. However this "look back" rule will not apply where he or she is present in Ireland for 30 days or less in the later tax year.

Ordinary Residence:

An individual is deemed to become ordinarily resident in Ireland where he or she has been Irish resident for each of the three preceding calendar years. Once an individual becomes ordinarily resident in Ireland he or she will retain that status until he or she becomes non-resident for three consecutive years.

Domicile:

Domicile is a key concept in Irish taxation. Generally a person is domiciled in the country of which he or she is a national and in which he or she spends his or her life. However it is not always possible to equate domicile to home and in certain circumstances an individual may be domiciled in a country which is not and has never been his or her home. In Ireland, resident, non-domiciled individuals are entitled to the very valuable remittance basis of taxation in respect of foreign income and gains (liable to Irish taxation on income/gains arising in Ireland, only liable on non-Irish income/gains in Ireland on remittance basis).

The liability to Irish tax is determined by the source of the income or the residence, ordinary residence or domicile of the individual. A broad summary of an individual's liability to income tax in Ireland based on his or her residence, ordinary residence and domicile status is given in Appendix 1.

Domicile Levy

The amount of the levy is €200,000 and is payable annually. Irish income tax paid by an individual in a tax year will be allowed as a credit in calculating the amount of domicile levy due for that year. In this context, it should be noted that Universal Social Charge is a separate and distinct tax to income tax and is not, therefore, allowable as credits in calculating the amount of domicile levy for any year. The levy is payable each year on or before 31 October in the year following the valuation date on a self-assessment basis. The valuation date is 31 December each year.

Rates of Income Tax:

An individual who comes within the charge to Irish income tax will be liable at income tax rates of 20% and 40% and may also qualify for tax credits. Individuals who are in receipt of employment income are subject to tax at source. The employer must also deduct PRSI and The Universal Social Charge (USC) which is an additional social security levy of approximately 7% of salary.

Individuals who have non employment income in excess of €3,174 are broadly subject to the self-assessment regime of income tax. Such individuals may also be liable to PRSI and the USC on any income in addition to their PAYE (Pay As You Earn) income.

Personal Tax returns must be submitted by 31 October in the year following the year of assessment. This deadline is extended by circa two weeks for electronic filing.

(See Appendix II for further details.)

Capital Gains Tax (CGT)

Capital Gains tax is payable at 33% on gains made by individuals, trusts and unincorporated bodies. There are also annual exemptions available which can reduce any capital gains tax charge.

Irish resident companies are subject to corporation tax on chargeable gains with the exception of the disposal of development land, which is subject to capital gains tax.

The chargeable gain is determined by the difference between the consideration on disposal and the original cost of the asset. Some indexation is applicable where the asset was acquired before 2002.

Non-domiciled individuals who are Irish resident or ordinarily resident are liable to Irish CGT on foreign gains only to the extent they are remitted to Ireland.

Capital Acquisitions Tax (CAT)

Capital acquisitions tax is a beneficiary based tax imposed on gifts and inheritances and is chargeable at a rate of 33%.

Liability to Irish CAT is based on the Irish residency of the disponer or beneficiary or whether the asset is an Irish asset. There are reliefs available to prevent non-Irish domiciled individuals who are only temporarily resident in Ireland from coming within the charge to Irish CAT on gifts or inheritance of non-Irish assets.

There are a number of wide-ranging exemptions and reliefs in respect of capital acquisitions tax, which are largely dependent on the nature of the relationship between the donor and the beneficiary.

Value Added Tax (VAT)

Ireland’s value added tax is part of the European Union VAT system and is essentially a tax on consumer spending. It is charged on most supplies of goods and services within Ireland by a taxable person in the course of furtherance of business by him or her, as well as goods imported into Ireland from non-EU countries.

Generally, individuals and companies must register and account for VAT where their annual turnover is in excess of the following thresholds:

- €75,000 in respect of goods.
- €37,500 in respect of services.
- €41,000 in respect of intra-EU acquisitions.

Different transactions attract different rates of VAT. There are currently five different Irish VAT rates, as follows:

- Standard – 23%.
- Reduced – 13.5% or 9%.
- Livestock – 4.8%.
- Zero – 0%.

Additionally, certain activities are classified as VAT exempt such as financial services, welfare, insurance, education/training, betting, medical services and postal services. It is generally not possible to recover VAT incurred in making VAT exempt supplies.

Stamp Duty

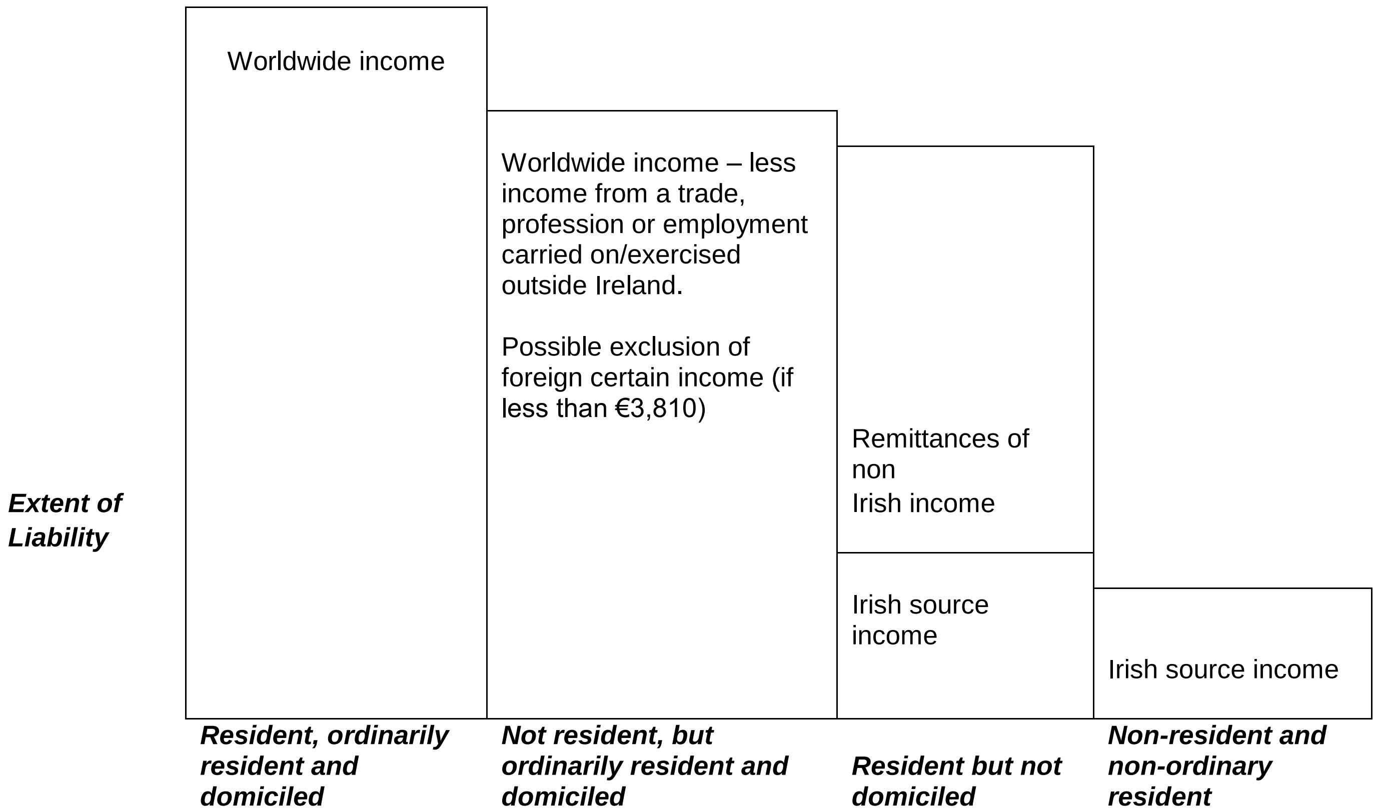
Basic Rates:

- Commercial property. 2%.
- Residential property. 1% up to €1M and 2% thereafter.
- Transfer of shares or marketable securities: If consideration over €1,000 1%.

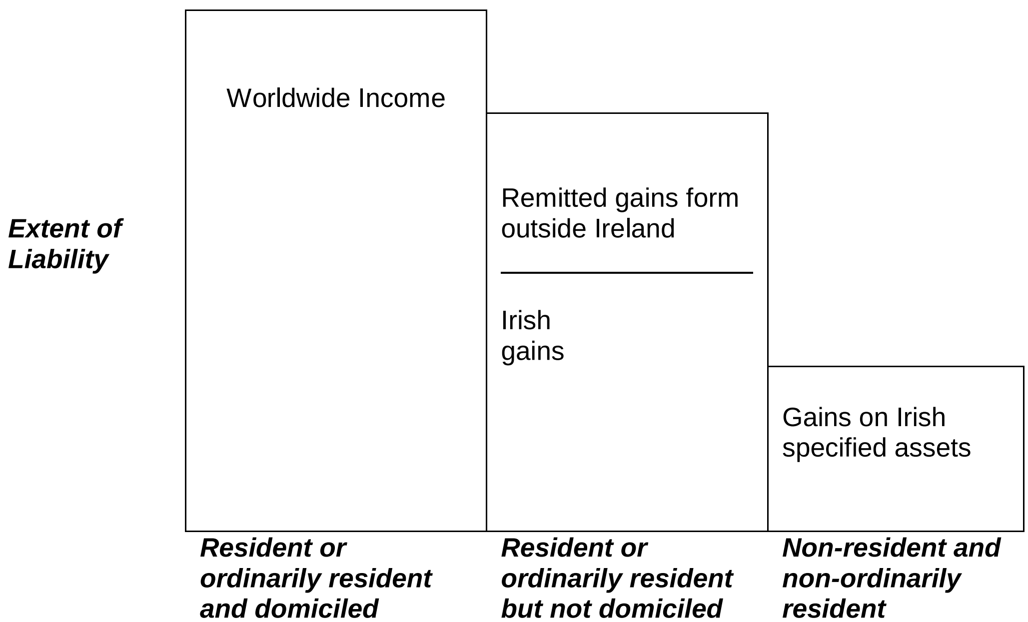
Stamp duty relief is available for transfers arising from corporate reorganisations and reconstructions effected for bona fide commercial reasons. In addition, no duty arises on transfers between associated companies (90% direct or indirect relationships) subject to conditions. Other exemptions are available, including for transfers of intellectual property, a wide range of financial instruments, foreign land and foreign shares.

APPENDIX 1

INCOME TAX



CAPITAL GAINS TAX



APPENDIX 2

Summary of Taxes

Personal Taxes

Personal Tax Rates and Bands		
Rate	At 20% first	At 40%
Single, Widowed, Surviving Civil Partner	€33,800	Balance
Single, Widowed, Surviving Civil Partner with Dependent Children	€37,800	Balance
Married/Civil Partnership (One Income)	€42,800	Balance
Married/Civil Partnership (Two Incomes)	€42,800 (with an increase of €24,800 max)	Balance

Personal Tax Credits 2015	
Single Person Credit	€1,650
Married /Civil Partnership Credit	€3,300
Widowed Person/Civil Partnership without dependent children credit	€2,190
Employee Credit	€1,650
Home Carer Credit	€810
Age Tax Credit if Single, Widowed or Surviving Spouse	€245
Age Tax Credit if Married/Civil Partnership	€490

Capital Gains Tax	
Rate (subject to various reliefs/exemptions)	33%

Capital Acquisitions Tax	
Rate	33%
Thresholds	
Group A	€225,000
Group B	€30,150
Group C	€15,075

Business Taxes

Corporation Tax	
Standard Rate	12.5%
Non-trading income rate	25%

R&D incentive	
Tax Credit	25%

Capital Gains Tax	
Standard Rate (subject to various reliefs/exemptions)	33%
Participation Exemption on qualifying share disposals	0%

Other Taxes

Value Added Tax (VAT)	
Standard Rate	23%
Reduced Rate (electricity, heating fuel etc.)	13.5%
Second Reduced Rate (restaurants, hotels etc.)	9%

Stamp Duty	
Payable on legal and commercial documents (subject to various reliefs/exemptions)	1% - 2%

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