

Ireland Country Profile

EU Tax Centre

July 2015

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

EU Member State Yes

Double Tax Treaties With:

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

Note: (a) Treaty signed, but not yet in force.

Forms of doing business

Public limited company (plc), private limited company, unlimited liability company.

As of June 1, 2015, there is also a designated activity company (DAC) available.



Legal entity capital requirements

Public limited company - not less than EUR 38,092 (of which not less than 25% fully paid up), Private limited company - not less than EUR100, Unlimited liability company - not less than approx. EUR 2.

Under the Companies Act 2014, the following applies as of June 1, 2015:
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. Numerous EU, and treaty-based exemptions apply.

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. This reduced rate will still allow for 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. For dividends from EU subsidiaries after January 1, 2013, additional notional credit relief 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:

- 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.
- 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.

- 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 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

On the transfer of land and buildings

1-2 percent stamp duty on residential property, 2 percent on other assets (other than shares and residential property) if transferred by way of a document. Various relief applies to transfers within 90 percent groups. Other relief and exemptions available for many third party transactions.

Stamp duties

Yes, 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 1million, for value amount > EUR 1million, rate of 0.25 percent applies.

Controlled Foreign Company rules

No



Transfer pricing rules	<p>General transfer pricing rules</p> <p>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.</p> <p>Documentation requirement</p> <p>Yes. Not required to be contemporaneous with the transactions.</p>
Thin capitalization rules	No
General Anti-Avoidance rules (GAAR)	Ireland has general anti-avoidance provisions that apply in a cross-border context.
Specific Anti-Avoidance rules/Anti Treaty Shopping Provisions	<p>Ireland has specific anti-avoidance provisions that apply in a cross-border context. Examples include legislation on the transfer of assets abroad, potential exit tax on migration and general anti-avoidance legislation. No specific anti-treaty shopping provisions.</p> <p>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.</p>
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.
Other incentives	Employment and Investment Incentive, Seed Capital Relief, 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 from capital gains tax, Start your own Business Relief, Relief from capital gains tax on gains on EEA property purchased before end of 2014 for a 7-year period (and proportionate relief for longer holding).
VAT	The standard rate in 2015 is 23 percent, and the reduced rates are 13.5 percent, 9 percent, 5.2 percent and 0 percent.
Other relevant points of attention	No

Source: Irish tax law and local tax administration guidelines, updated 2015.



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