

Doing Business Guide

Ireland

1st Edition



BFGD

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About This Booklet

This booklet has been produced by BFC D for the benefit of its clients and associate offices worldwide who are interested in doing business in Ireland.

Its main purpose is to provide a broad overview of the various things that should be considered by organisations considering setting up business in Ireland.

The information provided cannot be exhaustive and – as underlying legislation and regulations are subject to frequent changes – we recommend that anyone considering doing business in Ireland or looking to the area as an opportunity for expansion should seek professional advice before making any business or investment decisions.

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While every effort has been made to ensure the accuracy of the information contained in this booklet, no responsibility is accepted for its accuracy or completeness.

Contents

- Overview 2
- Economy..... 3
- Taxation 5
- Finance, Grants and Incentives..... 7
- Research, Development and Innovation 8
- Legal Structures of Irish Businesses 9
- Immigration 10
- Useful Information..... 11
- Useful Organisations 12

Overview

Top 10 reasons for doing business in Ireland

TALENT

- 1st in Europe for percentage of population with tertiary-level education
- 1st for flexibility and adaptability of workforce
- 50% of population under age 35.

(Source: Eurostat, May 2013)

BUSINESS REGIME

- English speaking and member of Eurozone
- Pro-business environment – very easy to get started
- Free movement of goods and services in the EU.

TAX

- One of the lowest corporation tax rates in the world (12.5%)
- Over 70 tax treaties
- No banking secrecy rules.

INCENTIVES

- Generous grants towards start-up costs:
 - Capital grants
 - Employment grants
 - Training grants.

Ireland has been named 'Best country in the world for business' by US financial magazine *Forbes* (April 2013).

Economy

Economic growth

Ireland has a small highly globalised economy, with a large exporting sector, and a significant number of multinational corporations. While the global downturn impacted significantly on Ireland, the outlook for the economy is improving:

- GDP is on track for a 4th consecutive year of growth in 2014
- Exports are expected to continue to grow in 2014
- Inflation is continuing at a slower pace than in the rest of the EU
- Unemployment has been falling for the past year.

(Source: IMF Economic Outlook, April and June 2013)

A proven investment location

Ireland is ranked as one of the most attractive business locations in the world due to its talented workforce; an outstanding track record in foreign direct investment (FDI); a competitive, clear and transparent tax regime; access to EU markets; and an international reputation for research and development (R&D), innovation and technology.

There are over 1,000 international companies employing over 150,000 people as a result of FDI in Ireland. These account for exports of €122 billion and an annual spend of €517 million in R&D. Their operations cover a wide range of activities and sectors including technology, pharmaceuticals, biosciences, financial services and manufacturing.

(Source: IDA Ireland, October 2013)

Ireland as an export base

Ireland's indigenous export base is thriving despite the domestic and global recession. Enterprise Ireland is the Irish government agency responsible for supporting entrepreneurship and the international growth of Irish companies. Exports grew in every sector, and Irish companies are now exporting to more than 40 countries worldwide with significant recent growth in exports to China, India, Middle East and Brazil.

Irish Financial Services Centre (IFSC)

The IFSC is a leading-edge global financial services centre with more than 500 operations approved to trade. The centre is host to half of the world's top 50 banks and to half of the top 20 insurance companies. A support network – including shared service centres, software development, and legal and accounting companies – has also been developed around the IFSC. The Global Financial Index of 14 September 2013 ranked Ireland as one of the 11 global leaders with both broad and deep financial services activities.

Commercial property and planning

Building development in Ireland requires the approval of the relevant local authority. Legislation to protect and maintain the environment is closely modelled on EU Directives and covers planning and building regulations, public safety and the issue of pollution control licences. This legislation is overseen by local authorities and by the Environmental Protection Agency, which is responsible for monitoring and licensing industrial activities that are considered to carry significant risks of environmental pollution.

Commercial and industrial premises are available in most regions of Ireland on rental or outright purchase terms.

Information and communication technology (ICT) infrastructure landscape

The ICT sector in Ireland attracts global investment, with 9 of the top 10 US ICT corporations operating there. The ICT sector incorporates a full portfolio of hi-tech activities including R&D, high-value manufacturing, shared services, supply chain management, software development, inside sales, and customer and technical support. Over 200 companies are supported by the IDA (Industrial Development Authority of Ireland) and directly employ around 36,000 people; these represent 22% of total exports, estimated at €38 billion. The ICT sector continues to grow in Ireland as companies take advantage of the competitive environment and skills base.



Taxation

Corporate tax

Ireland's tax regime is open and transparent and complies fully with OECD guidelines and EU competition law. The key features that make it one of the most attractive global investment locations include:

- 12.5% corporate rate on trading income (April 2014)
- Extensive range of capital allowances that allow the cost of capital assets to be written off against taxable profits
- R&D tax credits
- Tax relief for foreign staff assigned to work in Ireland (Special Assignment Relief Program (SARP) and key R&D employees)
- Large network of treaties for the avoidance of double taxation globally
- Very limited withholding tax regime.

Indirect taxation

Value added tax (VAT) is due on goods and services supplied in Ireland and on the importation and acquisition of goods and some services. A company must charge VAT when its taxable turnover exceeds, or is expected to exceed, the registration thresholds of €37,500 for services and €75,000 for goods.

RATES	
23%	Standard rate
13.5%	Heating, fuel, electricity and building services
9%	Hotels, restaurants, catering and entertainment services

Social insurance contributions (Pay Related Social Insurance (PRSI))

PRSI is payable by employers and employees

Employers	Employees
8.5% if income is €356 per week or less	4% of all earnings above €352 per week
10.75% for those earning more than €356 per week	

Personal tax

Single person	First €32,800 @ 20%	Balance @ 41%
Married with one income	First €41,800 @ 20%	Balance @ 41%
Married with two incomes	First €65,600 @ 20%	Balance @ 41%

Universal social charge (USC)

Employers	Employees
NIL	2% on first €10,036 4% on next €5,980 7% on balance



Finance, Grants and Incentives

Ireland offers an extremely cost-competitive business environment. Overseas companies have invested heavily in Ireland over the years, due in large part to the support provided by the Irish government, including generous financial incentives.

Grants to overseas companies are administered by IDA Ireland, Enterprise Ireland or Shannon Development Authority.

Capital grants

Capital grants for the acquisition of fixed assets (i.e. site purchase and development, buildings and new plant and equipment) are available for investments in certain parts of Ireland under EU Regional Investment Aid programme. If a factory is leased, a grant may be available towards the rent.

Employment grants

Employment grants are geared towards companies that create employment in low employment areas.

Training grants

Eligible companies undertaking significant training may apply for training grants. A lower grant is available where training is very specific to a company.

Research, Development and Innovation (RDI)

A unique feature of the Irish business environment is the productive collaboration between industry, academia and government agencies, who work together to consolidate Ireland's position as a knowledge-based economy and as a primary location for RDI.

Grants are available for feasibility studies, product research and process development, as well as towards the acquisition of new technology.

R&D tax credit

Qualifying R&D expenditure (including both revenue and capital expenditure) generates a 25% tax credit for offset against corporation tax liabilities, in addition to the normal tax deduction for the expenditure itself. The R&D tax credit is available to both Irish resident companies and branches on the cost of in-house, qualifying R&D undertaken within the European Economic Area (EEA), provided such expenditure is not otherwise eligible for tax benefits elsewhere within the EEA.

In certain circumstances, part of the R&D tax credit may be surrendered to key employees working in R&D to enable them to reduce their personal tax liabilities.

Supporting intellectual property in Ireland

Ireland has become a popular location for holding and exploiting intellectual property (IP) due to generous supporting factors including the 12.5% corporation tax rate, R&D tax relief, the availability of capital allowances on intangible assets, as well as the ability of Irish resident companies to pay dividends to foreign companies without imposition of withholding tax. Ireland offers legal protection for IP rights that may be lacking in other jurisdictions.

Ireland's IP law is divided into four main categories:

- Trade marks
- Patents
- Copyright
- Designs

The key organisation responsible for overseeing intellectual property rights in Ireland is the Irish Patents Office (www.patentsoffice.ie).

Legal Structures of Irish Businesses

Legal and regulatory environment

Ireland's legal system is one of the world's most supportive for businesses. The World Bank recently ranked Ireland in the top 5 in the EU and 15th in the world for 'ease of doing business' – with key factors including a regulatory environment conducive to starting a business, the ability to enforce contracts, general legal protection for business, and a pragmatic and transparent approach to upholding intellectual property rights.

Forming a company in Ireland

Ireland has a fast, open, transparent and business-friendly system to encourage the formation of new businesses.

There are four types of Irish registered company:

- **Private company limited by shares (Ltd):** Members' liability is limited to the amount committed by the shareholder
- **Private company limited by guarantee:** Members' liability is limited to the amount they have agreed to contribute to the company's assets if it becomes insolvent
- **Private unlimited company:** There is no limit to members' liabilities
- **Public company limited by shares (plc):** The company's shares can be offered for sale to the general public through a stock exchange, and members' liability is limited to the amount committed by the shareholder.

Most foreign companies set up private limited companies as subsidiaries of overseas companies.

Alternative business structures for foreign investors

- **Irish establishment (branch):** Part of an overseas limited company organised to conduct business in Ireland
- **Partnership:** The partners have joint and several liabilities for all debts. If a partner cannot pay their share of any debts, then the other partners become liable in addition to their own share of debt
- **Limited partnership:** One or more 'general partners' who are liable for all debts and obligations of the firm, and one or more 'limited partners' who contribute sums of money as capital, or property valued at a stated amount. Limited partners are not liable for the debts and obligations of the firm beyond the amount contributed
- **Joint venture:** An overseas company can form a base in Ireland by joining with an Irish company.

Immigration

All EEA nationals and Swiss nationals may enter Ireland without visas. Non-EEA nationals selected for interview for an occupation on the 'Highly Skilled Occupations' list will, subject to normal immigration requirements and procedures, be granted permission to enter the state on a temporary basis (up to 90 days from date of arrival).

Immigrant Investor Programme

This programme, introduced to encourage entrepreneurs to invest in Ireland, is open to non-EEA nationals and their families who commit to an approved investment in Ireland. Under this scheme, approved applicants and their families will be granted rights of residence allowing them to enter the state on multi-entry visas for an initial period of 2 years with the possibility of ongoing renewal.

More information is available from the Department of Jobs, Enterprise and Innovation at www.inis.gov.ie.



Useful Information

Information on starting or running a business in Ireland

This site provides businesses with a single access point to all government information and services.

E: businessregulation@djei.ie

W: www.businessregulation.ie

Irish Point of Single Contact (PSC)

PSC was established to assist service providers who wish to provide services in Ireland, by connecting them with the relevant competent authorities in order to complete all relevant procedures.

E: info@pointofsinglecontact.ie

W: www.pointofsinglecontact.ie

Useful Organisations

Development agencies

IDA Ireland

Wilton Park House
Wilton Place
Dublin 2

T: +353 1 603 4000

E: idaireland@ida.ie

W: www.idaireland.com

Enterprise Ireland

East Point Business Park
Dublin 3

T: +353 1 727 2000

E: client.service@enterprise-ireland.com

W: www.enterprise-ireland.com

Shannon Development Authority

Shannon Town Centre
Shannon
Co. Clare

T: +353 (0)61 361 555

E: See website

W: www.shannondevelopment.ie

Taxation

Revenue Commissioners

Depends on location of business/individual

T: See website

E: See website

W: www.revenue.ie

Irish Tax Institute

South Block
Longboat Quay
Grand Canal Harbour
Dublin 2

T: +353 1 663 1700

E: info@taxinstitute.ie

W: www.taxinstitute.ie

Regulatory and supervisory bodies

Office of Director of Corporate Enforcement

16 Parnell Square
Dublin 1

T: +353 1 858 5800

E: info@odce.ie

W: www.odce.ie

Department of Jobs, Enterprise and Innovation

23 Kildare Street
Dublin 2

T: +353 1 631 2121

E: info@djei.ie

W: www.enterprise.gov.ie

Central Bank of Ireland

PO Box 559
Dame Street
Dublin 2

T: +353 1 224 6000

E: enquiries@centralbank.ie

W: www.centralbank.ie

Health and Safety Authority

The Metropolitan Building
James Joyce House
Dublin 1

T: +353 1 614 7000

E: wcu@hsa.ie

W: www.hsa.ie

Institute of Directors in Ireland

Europa House
Harcourt Street
Dublin 2

T: +353 1 411 0010

E: info@iodireland.ie

W: www.iodireland.ie

The Competition Authority

14 Parnell Street
Dublin 1

T: +353 1 804 5400

E: info@tca.ie

W: www.tca.ie

Patents Office

Government Buildings
Hebron Road
Kilkenny

T: +353 56 772 0111

E: patlib@patentsoffice.ie

W: www.patentsoffice.ie

Companies Registration Office

Parnell House
14 Parnell Square
Dublin 1

T: +353 1 804 5200

E: info@cro.ie

W: www.cro.ie

The Next Step

Contact BFCI to discuss your needs.

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