DOING BUSINESS IN IRELAND
2018

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INTRODUCTION

This publication has been prepared by the International Bureau of Fiscal Documentation (IBFD) on behalf of BDO, its clients and prospective clients. Its aim is to provide the essential background information on the taxation aspects of setting up and running a business in this country. It is of use to anyone who is thinking of establishing a business in this country as a separate entity, as a branch of a foreign company or as a subsidiary of an existing foreign company. It also covers the essential background tax information for individuals considering coming to work or live permanently in this country.

This publication covers the most common forms of business entity and the taxation aspects of running or working for such a business. For individual taxpayers, the important taxes to which individuals are likely to be subject are dealt with in some detail. We have endeavoured to include the most important issues, but it is not feasible to discuss every subject in comprehensive detail within this format. If you would like to know more, please contact the BDO firm(s) with which you normally deal. Your adviser will be able to provide you with information on any further issues and on the impact of any legislation and developments subsequent to the date mentioned at the heading of each chapter.

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BDO's brand promise is to be the leader for exceptional client service - always, and everywhere. When you choose to work with BDO you quickly discover why we're different from the rest. BDO offers a comprehensive collection of high quality tax services and assets designed to support exceptional performance, and all our tax engagements benefit from the hands-on involvement of experienced professionals, backed by world-class resources. We are agile enough to handle the biggest and the smallest names in the industries we serve, and our relationship-driven culture means that we can provide responsive and personalised advice to all our clients.

We work hard to understand our clients' businesses and ensure that we match both our service offering and our people to their complex individual needs. We believe that providing our clients with access to experienced professionals who are actively engaged in addressing their tax and business issues is the most reliable way to provide exceptional service, always with a strong focus on trust and transparency.

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TABLE OF CONTENTS

IRELAND

This chapter is based on information available up to 1 March 2018.

Abbreviations

Abbreviation	*English definition*
F(LPT)A 2012	Finance (Land Property Tax) Act 2012 (as amended)
SDCA 1999	Stamp Duty Consolidation Act 1999
SWCA 2005	Social Welfare Consolidation Act 2005
TCA 1997	Taxes Consolidation Act 1997
VATCA 2010	Value Added Tax Consolidation Act 2010

Introduction

A company resident in the Republic of Ireland is subject to corporation tax on its worldwide income, profits and capital gains. Corporation tax also applies to non-resident companies carrying on a trade in Ireland through a branch or agency. The rules for assessing companies to tax on their profits and capital gains are contained in the Taxes Consolidation Act 1997, which is amended and supplemented every year in the annual Finance Act.

Social security contributions are payable on a company's payroll.

A VAT system is in place.

The authority responsible for the administration and collection of taxes is Irish Revenue.

The currency is the euro (EUR).

1. Corporate Income Tax

1.1. *Type of tax system*

Ireland applies a modified system of taxation of corporate profits, under which profits are fully taxed at the corporate level and distributed profits are also taxed in the hands of individual shareholders. However, profits distributed by resident companies to resident corporate shareholders are generally exempt from taxation.

1.2. *Taxable persons*

In addition to companies incorporated under the Companies Acts, persons liable to corporation tax include unincorporated associations, building societies (housing-loan finance associations), mutual insurance societies, state-owned industries, public utility companies and permanent establishments of non-resident companies. Partnerships are transparent for tax purposes; the partners are assessed on their share of the adjusted profits.

This survey is restricted to Irish incorporated public limited companies (plc) and private limited companies (Ltd), as well as foreign incorporated companies of a similar description, whether or not resident for tax purposes in Ireland. These entities are referred to as companies.

1.2.1. Residence

Generally, prior to 1 January 2015, a company was regarded as Irish resident for tax purposes if its central management and control was located in Ireland . However, under certain circumstances, a company incorporated in Ireland was deemed to be Irish resident regardless of whether it was managed and controlled in Ireland.

With effect from 1 January 2015, companies incorporated in Ireland on or after this date are treated as Irish residents for tax purposes (section 23A of the TCA 1997). For companies incorporated prior to 1 January 2015, this rule will take effect from 1 January 2021.

However, the tax residence rules based on the place of incorporation do not apply when an Irish-incorporated company is treated as a resident in a tax treaty country under the provisions of the treaty. In addition, companies incorporated outside Ireland are deemed to be residents in Ireland, if they are centrally managed and controlled there.

1.3. *Taxable income*

1.3.1. General

The tax base of a company is its worldwide income (section 21 of the TCA 1997), after deduction of all expenses which are wholly and exclusively incurred for the purposes of the trade, subject to some specific provisions and exemptions, and after deduction of charges on income (*see* section 1.3.2.). The accounting profit and loss account is the starting point for the computation of taxable trading profits. The tax treatment will usually respect any generally accepted accounting practice adopted by the taxpayer, unless these conflict with case law principles or they are expressly overridden by provisions of tax laws (section 67A of the TCA 1997).

Resident companies are subject to corporation tax on their worldwide income.

Corporation tax is assessed under a schedular system, based on the nature of the income source. In the case of companies, the relevant schedules and cases thereunder are (sections 17-20 of the TCA 1997):

C:	profits from payment of interest and dividends out of public revenue when payable in Ireland;	
D:	Case I:	trading profits;
	Case II:	profits from the exercise of professions;
	Case III:	untaxed interest and foreign income;
	Case IV:	any other income or profit not otherwise taxable;
	Case V:	rental income from land in Ireland; and
F:	distributions from resident companies.	

Under the schedular system, different rules govern the recognition and computation of the taxable income of each category. In addition, losses within one category are not automatically offset against income falling under another.

1.3.2. Exempt income

Exempt income includes domestic dividends (with some exceptions) (section 129 of the TCA 1997) and income from commercially managed woodlands in Ireland (section 232 of the TCA 1997).

Special rules apply in respect of domestic dividends paid by a company that immigrates to Ireland after 3 April 2010. Domestic dividends are generally exempt, but if that company, while under the control of Irish residents, makes a distribution (i) to a connected resident company within the following 10 years, (ii) out of profits earned before it became resident in Ireland, that distribution is charged to corporation tax.

There is an exemption from corporation tax for certain companies that commenced trading in any of the tax years starting from 2009 until 2015. This period has been subsequently extended to tax years 2016, 2017 and 2018. The exemption applies to the profits of the new trade as well as to capital gains on the disposal of assets used for the purposes of that trade. The exemption applies for 3 years from the commencement of the trade. Full relief is given where the total corporation tax liability for the accounting period does not exceed EUR 40,000. Where the corporation tax liability is between EUR 40,000 and 60,000, marginal relief applies. There is no relief where the corporation tax liability exceeds EUR 60,000. Where the accounting period is less than 12 months, the above figures are adjusted proportionately. The amount of relief is restricted, in broad terms, to the amount of employers' PRSI (*see* section 4.2.) paid by the company, up to a maximum of EUR 5,000 per employee.

Any relief which cannot be used due to an insufficiency of trading profits may be carried forward to subsequent years, subject to the existing restrictions calculated by reference to the amount of eligible employer's PRSI.

For exemption of certain interest and patent royalties, *see* section 1.6.2.

For exempt foreign dividends, *see* section 6.1.1.

1.3.3. Deductions

1.3.3.1. Deductible expenses

Expenses are deductible, provided that they are incurred wholly and exclusively for the purposes of the company's trade. Expenses must be of a revenue nature in order to be allowable. Capital expenditure may only be deducted where expressly permitted by the legislation, e.g. as capital allowances (*see* section 1.3.4.). Another specified exception is the cost of registering a patent or a trademark.

Statutory exceptions from the general rule apply to management expenses of investment companies or holding companies, pre-trading expenditure incurred in a period of 3 years before the trade was commenced (treated as an expense in the period of commencement), and expenditure on scientific research in general, whether the company undertakes the research itself or makes payments to research bodies approved by the Minister for Finance or to Irish universities.

Interest is generally deductible, whether as trading expenses or as a charge on income (*see* section 1.3.3.3.). The same applies to royalty payments.

Anti-avoidance legislation applies to limit relief for interest accrued but not paid on loans between connected companies, and for interest on loans to acquire an interest in another company where capital is recovered by a company connected to the investing company. Anti-avoidance rules also apply, in certain circumstances, to deny relief for interest on intra-group loans taken out to finance the acquisition of fixed assets from a group company.

1.3.3.2. Non-deductible expenses

Dividends are not deductible from corporate profits.

Interest on late payment of tax is not deductible.

Expenses on entertainment and gifts are generally not deductible.

1.3.3.3. Charges on income

Charges on income are payments which are not deductible in computing the profits arising from a particular source (sections 243-243B of the TCA 1997). Rather, they are deductible from a company's total profits from all sources. They comprise principally:

- any yearly interest other than interest on loans for trading purposes (the latter being deductible from trading income); and
- royalties for the use of a patent.

To qualify as a deduction from profits, charges on income must:

- actually be paid during the accounting period;
- be paid under a liability incurred for valuable and sufficient consideration;
- not be distributions; and
- not be charged to capital.

If payment is made to a non-resident, the following additional conditions must be satisfied in order for the payment to be treated as a charge on income:

- the paying company must be resident in Ireland; and
- the company must deduct income tax at a rate of 20% or at a reduced rate under a tax treaty (*see* section 6.3.5.).

Donations of cash or listed securities are deductible if made to charities established for a minimum period of 2 years and certain approved bodies (generally, arts and educational non-profit organizations and human rights organizations) that are authorized by the Revenue Commissioners to receive tax-privileged donations. There is no maximum limit on the donation or the deduction, but the minimum donation must be at least EUR 250 in a 12-month accounting period.

Excess charges (charges in excess of total income) incurred in an accounting period in an activity subject to the 12.5% corporation tax rate (*see* section 1.6.1.) may be set off against income or profits of the same or earlier accounting periods taxable at the standard rate or the non-trading rate of corporation tax on a per value basis. This means that only half the amount of the excess charges of a trade subject to the 12.5% corporation tax rate may be set off against income subject to the non-trading rate of 25%. The limitation also applies for relief within a group (*see* section 2.1.).

1.3.4. Depreciation and amortization

Tax depreciation (capital allowances) is granted for industrial buildings, machinery and plant (which has a very wide meaning), patent rights, and some capital expenditure for scientific research. Special rules apply for certain leasing equipment and certain qualifying intellectual property.

The following are the annual rates of depreciation on the straight-line basis for the most important types of asset (sections 272 and 284 of the TCA 1997):

- 4% for industrial buildings;
- 15% for farm buildings and structures (10% in year 7);
- 4% on hotels and holiday camps;
- 10% for buildings for intensive production of livestock;

- 12.5% on plant and machinery; and
- 100% on certain designated energy-efficient equipment, for expenditure incurred up to 31 December 2020.

For business cars, the depreciable base is limited to EUR 24,000 per vehicle. Certain restrictions apply in the case of vehicles with CO_2 emissions exceeding prescribed levels.

A rate of 40% on the reducing balance basis applies to cars used in a trade consisting of the short-term hire of cars to the public or the operation of a taxi. Capital allowances are restricted, and, in some cases, unavailable, in respect of cars with CO_2 emissions exceeding certain levels.

There are provisions for the recovery of allowances (a balancing charge) or the granting of a further allowance (a balancing allowance) on the sale of an asset for more or less than its written-down value. However, for disposals of plant and machinery there is no balancing charge where the disposal proceeds are less than EUR 2,000. The exemption does not apply in respect of transactions between connected parties.

Capital expenditure on qualifying scientific research may be fully written off in the year incurred.

Capital allowances are also available for qualifying intellectual property (IP). This term includes the usual forms of IP, such as patents, brands, trademarks and copyrights. This treatment is also extended to expenditure on computer software acquired for commercial exploitation. Also covered is expenditure on applications for the grant or registration of qualifying IP.

Expenditure on industrial or manufacturing know-how may also be relieved under the capital allowances regime for IP.

Goodwill may not be depreciated; however, in some cases, allowances may be available under the regime for IP.

Finance Act 2017 introduced a cap on the deductibility of capital allowances for IP and for related interest expenses, which applies to IP acquired on or after 11 October 2017. The annual cap equals 80% of a company’s trading income arising from IP assets. Any excess allowance or interest can be carried forward indefinitely.

Under the capital allowances regime for intellectual property, the tax treatment is based on the amortization and impairment charged to the profit and loss account in the relevant period. Otherwise, the taxpayer may elect straight-line amortization at an annual rate of 7% (2% in the 15th year of ownership of the asset). Where the intellectual property is disposed of after 5 years of ownership (10 years for expenditure incurred between 5 February 2010 and 13 February 2013, and 15 years for expenditure incurred up to 4 February 2010), there will generally be no recapture of allowances. This rule is disapplied on a transfer of the intellectual property between connected companies, where the transferee claims capital allowances on the asset.

1.3.5. Reserves and provisions

Reserves that are constituted by appropriations of profits (e.g. a deferred taxation reserve and a reserve for future dividends) are not deductible. The same applies to general contingency reserves, such as a reserve for deferred repairs and maintenance, which might be charged in the profit and loss account.

Provisions are deductible as long as they are in respect of a specific liability the amount of which has not been determined, e.g. an admitted product liability claim. A general provision for doubtful debts, such as one based on a percentage of total debts, is not deductible, but a provision based on specific doubtful debts is allowed.

1.4. *Capital gains*

Worldwide capital gains realized by resident companies are subject to corporation tax, rather than to capital gains tax (CGT) (section 78 of the TCA 1997). The gains are, however, taxed at the capital gains tax rate of 33%. For corporation tax purposes, this is achieved through the taxation at the corporation tax rate of a notional sum, resulting in a charge to tax equal to the capital gains tax which would otherwise have been payable on the gain.

In computing the capital gain, the acquisition cost is adjusted for inflation. However, indexation relief applies only for the period of ownership up to 31 December 2002.

Gains on certain disposals of development land are subject to a separate capital gains tax and are ring-fenced from the company's other capital losses or income losses. The indexation of the base cost of development land is limited to the use value at the date of acquisition.

If an Irish resident company ceases to be resident, the subsequent disposal of the assets it held could escape tax on capital gains (even though the gains had accrued in whole or part during the period of residence).

Gains on disposals of certain assets, including Irish assets located in Ireland which are (or were) used in an Irish branch or agency are subject to tax in Ireland, irrespective of the residence status of the disposer. However, a company migrating to another EEA Member State may elect to defer the payment of the exit tax. The deferred tax may be paid in (i) six equal annual instalments, or (ii) within 60 days of the actual disposal of the asset.

Gains derived by certain non-resident close companies and arising from the disposal of assets in Ireland or elsewhere can be assessed on an ultimate resident company having a 5% or more interest (related through a chain of any number of non-resident companies) in the non-resident company making the gain.

An exemption from corporation tax on capital gains arising on disposals of substantial shareholdings applies where an Irish resident company disposes of a shareholding in a company resident in Ireland, another EU Member State or a country with which Ireland has a tax treaty (section 626B of the TCA 1997). To qualify for the exemption, the shareholding must be at least 5% of the share capital of the investee company. The shareholding must not derive its value from Irish real estate and must have been held for a continuous period of 12 months in the 2 years prior to the disposal. The investee company must be primarily a trading company or, taken together, the holding company and its subsidiaries must be primarily a trading group.

A property incentive applies where land and buildings situated in Ireland or any other EEA state ware acquired at any time from 7 December 2011 and the end of 2014, and that property is held for more than 7 years. Upon the disposal of that property, there is no CGT in respect of any gains built up during that 7-year period. Finance Act 2017 reduced the minimum holding period of 7 years to 4 years for disposals made on or after 1 January 2018.

1.5. *Losses*

1.5.1. Ordinary losses

Trading losses, as well as excess charges and capital allowances, may be set off against other income or profits of the same accounting period or carried forward indefinitely in the same and continuing trade (section 396 of the TCA 1997). There are restrictions on the carry-forward where there has been a substantial change in the nature and ownership of the company. Alternatively, a trading loss may be set off against other income and capital gains (other than against those from development land; *see* section 1.4.) of the same or preceding accounting period.

Losses of an accounting period in an activity subject to the 12.5% corporation tax rate (*see* section 1.6.1.) may be set off against profits of the same or earlier accounting periods taxable at the standard rate or the non-trading rate of corporation tax on a per value basis. This means that only half the amount of the losses of a trade subject to the 12.5% corporation tax rate may be set off against income subject to the non-trading rate of 25%. The limitation also applies for loss relief within a group (*see* section 2.1.). In addition, unused losses may only be carried forward and set off against profits of the same trade.

A loss incurred in the final year of trading can be set off against trading profits of the previous 3 years.

Loss relief is not available for capital losses arising due to arrangements entered into with the main purpose of securing a “tax advantage” for any person.

For the treatment of excess charges in an activity subject to the 12.5% corporation tax rate, *see* section 1.3.3.3.

1.5.2. Capital losses

Net capital losses cannot be set off against other profits. Such losses can only be carried forward and set off against capital gains (other than those on development land; *see* section 1.4.) (section 78 of the TCA 1997).

1.6. *Rates*

1.6.1. Income and capital gains

The standard rate of corporation tax for trading profits is 12.5% (section 21 of the TCA 1997).

For profits from “excepted trades”, the corporation tax rate is 25% (section 21A of the TCA 1997). Excepted trades include most dealings in land and certain petroleum activities.

Non-trading income and foreign income are also subject to the 25% rate (section 21A of the TCA 1997).

In the case of foreign dividends, the 12.5% rate applies if the dividends are paid by a company resident in an EU Member State or in a territory with which Ireland has a tax treaty (a “tax treaty state”), where certain conditions are met (*see* section 6.1.1.). In addition, the 12.5% rate applies to foreign dividends paid by a quoted company (or by its 75% subsidiary) that is not resident in either such state, if the shares of that company are regularly traded on a recognized stock exchange in an EU Member State or in a tax treaty state. The rate also applies to foreign-source dividends paid out of the trading profits of private companies in territories with which Ireland does not have a tax treaty, if such a territory is party to the OECD Convention on Mutual Administrative Assistance in Tax Matters.

Finance Act 2015 replaced Profits Resource Rent Tax (PRRT), which was levied on a petroleum trade, with a Petroleum Production Tax (PPT) (section 696H of the TCA 1997). PPT applies to oil and gas exploration authorizations first awarded after 18 June 2014. The rate of the tax ranges from 5% to 40%, and it is levied in addition to the 25% corporation tax that applies to profits from oil and gas production. However, the maximum effective tax rate on a productive field is 55%, as PPT is a deductible expense for corporation tax purposes. The PRRT continues to apply to licenses granted before 18 June 2014.

Life assurance funds are subject to income tax at a rate of 20% (equal to the standard rate for individuals) for both income and capital gains attributed to policyholders.

Capital gains are subject to an effective tax at a rate of 33% (section 28 of the TCA 1997) (the capital gains tax rate; *see* section 1.4.). The disposal of a substantial interest in an offshore fund, however, attracts capital gains tax at a rate of 40%.

1.6.2. Withholding taxes on domestic payments

Dividend withholding tax generally applies to payments of dividends at the 20% standard rate of income tax (sections 172A and 172B of the TCA 1997). However, such payments between resident companies are exempt. The exemption from the obligation to withhold tax also applies to payments made to a number of resident bodies, including certain retirement funds and pension schemes, brokers receiving the distribution as income or gains of a special portfolio investment account and certain fund and savings managers.

On interest and patent royalty payments (article 239 of the TCA 1997), as well as on charges on income (*see* section 1.3.3.3.), tax is generally deducted at the 20% standard rate of income tax. An exemption applies in all cases for payments within 51% groups. For interest payments, there are further exemptions for payments made to a bank carrying on business in Ireland and for interest on quoted Eurobonds, Euro Commercial Papers or certificates of deposit held in a recognized clearing system. In addition, an exemption applies for interest paid to a 51% Irish group company (treasury company) by an Irish resident company carrying on a lending trade. The tax base for patent royalties includes VAT at the standard rate (*see* section 8.5.). There is no withholding tax on the payment of royalties other than those paid for the use of patents, and royalties classed as annual payments.

Under the pay-as-you-earn (PAYE) system, income tax, social security contributions and the Universal Social Charge are withheld by an employer on the remuneration payable to an employee in respect of an Irish employment or in respect of the Irish duties of a foreign employment.

Certain contractors are obliged to withhold tax from payments made to sub-contractors in the following fields of industry: construction, forestry, and meat processing. This is known as the relevant contracts tax (RCT). There are two rates: 20% and 35%. Depending on the tax record of the sub-contractor, the tax authorities determine which of the two rates should apply, or whether payment should be made gross.

Income from Undertakings for Collective Investments in Transferable Securities (UCITS) is subject to a withholding tax of 25%, which discharges the company's corporation tax liability thereon (section 739E of the TCA 1997). Gains on a disposal of a

UCITS or of a life insurance policy (including the maturity of such a policy), together with notional gains based on any capital appreciation accruing on the 8-yearly anniversaries of the acquisition of such products are also subject to the withholding tax.

For withholding tax on property income dividend (PID), *see* section 1.7.4.

For withholding taxes on payments to non-residents, *see* section 6.3.

1.7. *Incentives*

1.7.1. Research and development

A 25% corporation tax credit applies in respect of qualifying research and development (R&D) expenditure (sections 766 and 767 of the TCA 1997). Until 31 December 2014, the credit applied to the expenditure in excess of an amount of baseline expenditure, which was determined by reference to relevant R&D expenditure incurred in 2003. With effect from 1 January 2015, the restriction of the baseline expenditure is removed.

Qualifying expenditure includes expenditure on plant and machinery used for R&D purposes. The relief extends to qualifying activities undertaken within the European Economic Area by companies within the charge to Irish tax. In the case of Irish resident companies, the expenditure must not qualify for tax relief (including depreciation) in any other territory. Unused tax credits in any year may be carried back to the previous accounting period, and also carried forward indefinitely. Alternatively, where the credit cannot be absorbed in the preceding accounting period, a company may make a claim to the Revenue Commissioners for a payment of the excess.

A company is permitted to surrender part of the tax credit to reward key employees. Key employees are:

- employees who perform 75% or more of their duties in the conception of new knowledge, products, processes and systems; and
- employees for whom 50% or more of their earnings represent expenditure eligible for the credit, subject to conditions.

The amount of credit that may be surrendered to all key employees cannot exceed the amount of tax payable by the company before taking the R&D credit into account.

1.7.2. Knowledge Development Box

Under the Knowledge Development Box (KDB) regime, profits qualifying for KDB are effectively taxed at the corporate income tax rate of 6.25% (section 769I(5) of the TCA 1997). Assets qualifying for KDB include patented innovations and copyrighted software that result from R&D activities. Marketing-related intellectual property, such as trademarks and brands, are explicitly excluded from the scope of qualifying assets.

Qualifying profits are determined based on the following formula:

$$\frac{\text{(Qualifying expenditure + Uplift expenditure)}}{\text{Overall expenditure}} \times \text{Profits from the qualifying assets}$$

Qualifying expenditure is defined as expenditure incurred in the carrying on of R&D activities that result in the development, improvement or creation of the qualifying asset (section 769G(2a) of the TCA 1997). The law explicitly excludes from the scope of qualifying expenditure (i) acquisition costs in relation to the qualifying asset and (ii) payments to a related group member to carry on R&D activities (i.e. R&D outsourced to a group member). However, costs of R&D outsourced to an unrelated party can be included in qualifying expenditure.

The overall expenditure consists of qualifying expenditure, as well as the acquisition costs and the group outsourcing costs.

Consequently, high acquisition costs and the group outsourcing costs may reduce the available relief. However, these costs can be (partially) included in the uplift expenditure, which is the lower of (i) 30% of the amount of qualifying expenditure, or (ii) the aggregate of the acquisition costs of the intellectual property and the costs of group outsourcing.

When calculating profits from the qualifying assets, royalty income and other sums from the use of qualifying assets are included. Also, the profits include the portion of income from the sale of assets or services with embedded intellectual property. Capital gains on the disposal of a qualifying asset are, however, subject to the standard capital gains tax rate (*see* section 1.6.1.) The attributable portion of income is calculated on a just and reasonable basis (section 769G(1) of the TCA 1997).

1.7.3. Tonnage tax

Companies engaged in qualifying shipping activities may elect to have their shipping profits determined under a tonnage tax regime (section 697A-697Q of the TCA 1997). Under this regime, the profits are determined at a statutory amount per day and taxed at the standard rate of corporation tax (*see* section 1.6.1.). The amount varies according to the tonnage of the ship or ships managed by the company.

1.7.4. Real estate investment trusts

A real estate investment trust (REIT) is an Irish resident company incorporated in Ireland, which is listed on the main market of a recognized stock exchange in an EU Member State.

REITs are exempt from corporation tax on the income and chargeable gains from their property rental business (section 705G of the TCA 1997). Income and chargeable gains derived by REITs from other activities or assets are taxable under the general rules.

The REIT is required to distribute at least 85% of the income from its property rental business by way of a property income dividend (PID). PIDs received by Irish resident companies are charged to tax at a rate of 25% under Schedule D Case IV where the PID represents investment income, or at a rate of 12.5% under Schedule D Case I where the PID represents trading income of the shareholder company. PIDs paid to non-residents are always subject to dividend withholding tax, including qualifying non-residents who would normally be exempt from the tax (*see* section 6.3.1.). Where the recipient of the PID is resident in a treaty state, the tax liability may be reduced or eliminated under the treaty.

1.7.5. Film relief

Under corporation tax relief for investment in films, a tax credit is granted at a rate of 32% of the lowest of (i) eligible expenditure, (ii) 80% of the total cost of production of the film, or (iii) EUR 70 million (EUR 50 million prior to 1 May 2016) (section 481 of the TCA 1997).

Eligible expenditure includes expenditure incurred by a qualifying company on the employment of eligible individuals, or on goods, services or facilities within Ireland for the production of a qualifying film. The minimum eligible expenditure qualifying for the relief is EUR 125,000. The minimum cost of production is EUR 250,000.

1.8. *Administration*

1.8.1. Taxable period

The corporation tax year runs from 1 January to 31 December (section 950 of the TCA 1997). The assessment relates to the company's accounting period, rather than to the corporation tax year which determines the rate of tax. An accounting period begins when a company commences a trade, becomes resident for tax purposes in Ireland, or acquires a first source of income. The accounting period normally ends 12 months after it started.

1.8.2. Tax returns and assessment

The annual corporation tax return must be filed with the Revenue Commissioners within 9 months of the end of the accounting period to which it relates (section 950 of the TCA 1997). Late filing penalties apply. Restrictions on the availability of losses and excess capital allowances apply upon late filing of tax returns.

Rules are in place authorizing reduced frequency of filing for certain small businesses.

1.8.3. Payment of tax

Corporation tax is payable on a self-assessment basis.

For a company with a tax liability in the previous year in excess of EUR 200,000, corporation tax must be paid in instalments as follows (section 958 of the TCA 1997):

- within 6 months of the start of the accounting period; and
- within 11 months of the start of the accounting period.

The first instalment must amount to 50% of the preceding year's liability, or 45% of the current year's eventual liability. The second instalment must be a balancing payment for such an amount as would bring the total payments to 90% of the current year's liability. The remaining 10% of the liability is due within 9 months after the end of the relevant accounting period (i.e. when the tax return is due to be filed). Where tax is due by the end of the month, it must be paid on or before the 21st day of that month (subject to exceptions).

Where an accounting period is not longer than 7 months, there is only one instalment payment of 90% of the previous year's tax liability.

Small companies (companies with a corporation tax liability not exceeding EUR 200,000) can opt to make preliminary tax payments on the basis of 100% of the previous year's liability instead of 90% of the current year's liability (section 958 of the TCA 1997).

Any income tax withheld from income received by the company is credited against the corporation tax due.

The penalty regime for defaulters is severe and, except for cases where a company has made a voluntary disclosure to the Revenue, its name and other particulars are made public, whether or not court proceedings take place.

1.8.4. Rulings

Revenue opinions are issued upon request where the circumstances are complex or a transaction is unusual and the existing information services do not provide the clarity required. The opinions are not legally binding; it is open to Revenue officials to review the position when a transaction is completed and all of the facts are known.

2. Transactions between Resident Companies

2.1. *Group treatment*

There is no group consolidation for tax purposes, but there are a number of provisions allowing the surrender of losses between companies in a group, the transfer of assets, and the payment of dividends, interest and royalties within a group (sections 381-429 of the TCA 1997). Loss relief also applies to consortia.

A group is made up of either 51%, 75% or 90% subsidiaries, depending on the type of group treatment being claimed. A consortium exists if five or fewer companies own at least 75% of the ordinary share capital of either (a) a trading company, or (b) a holding company whose business consists wholly or mainly of holding trading companies resident in Ireland or elsewhere in the European Union, and which are its 90% subsidiaries (this is relevant for the transfer of losses).

Losses and excess charges, as well as management expenses of an investment company, may be surrendered upwards, downwards or sideways in a corresponding accounting period to any other member in a 75% group. Relief is also available for losses made by a company owned by a consortium. It is restricted to losses made in a trade that is within the charge to corporation tax in Ireland. Payments for a surrender are disregarded for tax purposes. Group relief can be claimed to offset trading losses of foreign subsidiaries resident in EEA countries with which Ireland has a tax treaty against taxable income of Irish resident parent companies.

In certain circumstances, Irish companies in the same group may claim and surrender losses even where their parent company is not resident in the European Economic Area. To this end, the Act permits the surrender of losses between Irish resident companies where these form part of a 75% group (i) involving companies resident in a territory with which Ireland has signed a tax treaty, or (ii) involving companies that are quoted on a recognized stock exchange.

Losses and excess charges of an accounting period in an activity subject to the 12.5% corporation tax rate (*see* section 1.6.1., respectively) may be set off against profits of the same or earlier accounting periods taxable at the standard rate or the non-trading rate of corporation tax on a per value basis. This means that only half the amount of the losses and excess charges of a trade subject to the 12.5% corporation tax rate may be set off against income subject to the non-trading rate of 25%.

Rollover relief may be claimed for capital gains on the transfer of assets within a 75% group. The relief is also available on intra-group transfers involving Irish branches of companies resident in EEA countries with which Ireland has a tax treaty, provided that both companies are within the charge to Irish tax in respect of the transferred assets. Finance Act 2017 extended the scope of qualifying companies by including companies resident in any country with which Ireland has a tax treaty.

Interest, annuities and patent royalties are paid within a 51% group of companies without deduction of income tax (although such income is still taxable income of the recipient). This exemption also applies to payments within a consortium where the paying company is a trading company or a holding company owned by a consortium. The exemption is extended to payments made to companies resident in EU Member States.

If a loan is made by a close company (basically, a company under the control of five or fewer participators or of participators who are directors, however many) to a non-resident company that is a participator (an upstream loan), a payment equal to 20% of the amount of the loan, grossed up by the standard rate of individual income tax (i.e. in total on 100/80 of the loan) is payable to the Revenue. The amount is refundable upon repayment of the loan.

2.2. *Intercompany dividends*

Dividends received by a resident company from another resident company are exempt franked investment income (section 129 of the TCA 1997) (*see* section 1.1.).

3. Other Taxes on Income

A corporation tax surcharge is generally chargeable on a close company (*see* section 2.1.) to the extent that it does not distribute its after-tax investment income, including rental income, within 18 months of the end of the accounting period (sections 440 and 441 of the TCA 1997). The surcharge also applies to certain companies providing professional services. The surcharge generally applies at a rate of 15% to half of the after-tax professional service income, and at a rate of 20% to the undistributed after-tax investment income of a close company. The 20% surcharge is not levied if the excess of the distributable income over the distribution does not exceed EUR 2,000.

4. Taxes on Payroll

4.1. *Payroll tax*

There is no payroll tax.

4.2. *Social security contributions*

Employers' social insurance (PRSI) contributions are imposed on any remuneration paid to employees, including taxable benefits in kind but excluding certain termination payments. There is no ceiling. The most common rate for private-sector employers' PRSI contributions is 10.75%. Under the Finance Act 2017, this rate will be increased by 0.1 percentage point each year until it reaches 11.05% in 2020. A reduced rate of 8.5% applies in respect of employees with relevant weekly earnings below EUR 376. In calculating the amount of the employee's earnings for these purposes, a disallowance is made of the amount of any pension contributions made by the employee.

Taking on a certain class of employees may qualify for the employers' PRSI exemption scheme, under which a contribution holiday is granted for the first 2 years of employment. In general, the employee must be previously unemployed, be under 23 years of age and in his first employment, be a single parent, have attended certain types of public training courses or be registered with the national rehabilitation board.

PRSI contributions are generally deductible for corporation tax purposes.

For social security contributions payable by employees, *see* Individual Taxation section 3.

5. Taxes on Capital

5.1. *Net worth tax*

There is no net worth tax.

5.2. *Real estate tax*

A local tax on the occupation of immovable property for non-residential purposes is payable by the occupier. The rate of this tax, known as “the rates”, is fixed every year by the local authorities as a multiple of the rateable value of the property. Tax paid in respect of property occupied for the purposes of a trade, business, profession or vocation is a deductible expense for corporation tax purposes.

Owners of residential property in Ireland are liable to a local property tax (LPT) (section 11 of the F(LPT)A 2012). The tax base is the market value of the property. The owner has to provide a self-assessment of this value.

For properties valued at EUR 1 million or lower, the tax is levied at a rate of 0.18% on the mid-point of the value band in which the property falls. For properties whose value is over EUR 1 million, the tax is charged at a rate of 0.18% on the first EUR 1 million of value and at 0.25% over the portion exceeding this amount.

Exempt from LPT are, inter alia, new and previously unused properties purchased from a builder or developer between 2013 and 2016, as well as other properties purchased in 2013 by first-time buyers.

6. International Aspects

6.1. *Resident companies*

For the concept of residence, *see* section 1.2.1.

6.1.1. Foreign income and capital gains

Resident companies are subject to corporation tax on their worldwide income and capital gains.

Foreign dividends are generally fully taxable. Dividends and interest received from abroad (other than the United Kingdom) are subject to deduction of income tax at the standard rate of 20% by the Irish collecting banker on the net amounts received in Ireland (section 18 of the TCA 1997).

Where, in addition to a foreign dividend, a payment is made under the law of another state to an Irish-resident recipient in connection with foreign tax paid by another person, that payment is subject to tax in Ireland.

The 12.5% rate applies to certain foreign dividends received by an Irish resident company from a company resident for tax purposes in a relevant territory (i.e. another EU Member State or a country with which Ireland has signed a tax treaty) (section 21B of the TCA 1997). Accordingly, any such dividends paid out of trading profits are chargeable, on election by the taxpayer, to Irish tax at 12.5%. In addition, the 12.5% rate also applies to foreign dividends profits paid out of trading profits by a quoted company (or by its 75% subsidiary) that is not resident in either such state, if the shares of that company are regularly traded on a recognized stock exchange in an EU Member State or tax treaty state. The 12.5% rate also applies to foreign-source dividends paid out of the trading profits of private companies in territories with which Ireland does not have a tax treaty, if such a territory is a signatory to the OECD Convention on Mutual Administrative Assistance in Tax Matters.

The 25% rate (*see* section 1.6.1.) remains in force for dividends from non-trading profits paid by companies resident in a relevant territory. Special rules apply for dividends that are not wholly paid out of trading profits. Companies that are portfolio investors, and which receive dividends from companies in a relevant territory, are also taxable at the 12.5% rate.

For these purposes, a "relevant territory" includes a country with which Ireland has signed a tax treaty, even if that treaty has yet to come into force.

6.1.2. Foreign losses

In general, losses on a foreign trade may only be offset against the earliest available profits from the same trade in subsequent accounting periods. If, however, a trade is permanently discontinued, the loss for the last 12 months may be carried back for set-off against the profits of the same trade for the 3 immediately preceding years.

6.1.3. Foreign capital

There is no net worth tax.

Immovable property located abroad is not subject to real estate tax in Ireland.

6.1.4. Double taxation relief

Relief from double taxation of foreign income and capital gains is available unilaterally, under certain EU Directives implemented by Ireland, and under tax treaties concluded by Ireland. The provisions regarding unilateral tax relief are found in sections 826-835, as well as Schedule 24, of the TCA 1997.

Unilateral relief

Where relief for foreign taxation is not provided under the unilateral rules described below or under a tax treaty, foreign income is subject to tax on a net income basis, i.e. foreign taxes are deductible as an expense in computing taxable income. This applies, inter alia, to income (including patent royalties, dividends and interest) derived through a permanent establishment abroad.

Branch profits

Credit relief is available for foreign tax suffered by a foreign trading branch or agency in a country with which Ireland does not have a tax treaty. Excess foreign tax credits arising in a foreign trading branch may be pooled and credited against Irish tax arising on branch profits in other jurisdictions within the same accounting period. They may also be carried forward to future accounting periods.

Dividends

Unilateral credit relief is granted for foreign tax relating to a dividend. It applies to both withholding tax and to corporate income tax underlying the dividend.

Under the domestic law implementing the provisions of the EU Parent-Subsidiary Directive (2011/96/EU) (section 831 of the TCA 1997), dividends received by a resident company from a company resident in an EU Member State in which it directly holds at least 5% of the ordinary share capital qualify for credit relief for withholding tax and underlying corporate income tax. Ireland allows a resident company to claim credit relief for underlying corporate income tax paid by both the immediate EU subsidiary and any qualifying lower-tier EU subsidiaries up to the amount of the corresponding corporation tax due.

Under a separate provision of domestic law, unilateral credit relief applies to foreign dividends from any source country. This relief was originally restricted to resident companies, but has been extended to Irish branches or agencies of companies resident in an EEA country that has a tax treaty with Ireland. The scope of the relief has been further extended and now applies where at least 5% of the ordinary share capital of the non-resident distributing company is held directly or indirectly by the resident company.

Where there is a chain of non-resident subsidiaries, multi-tier tax credit relief is available for the underlying corporate income tax paid by any subsidiary in the chain (but not for withholding tax). The conditions are that (1) each company in the chain holds directly or indirectly at least 5% of the ordinary share capital in the next company in the chain, and (2) the resident parent company holds directly or indirectly at least 5% of the ordinary share capital of each subsidiary in the chain. The credit relief extends to certain local taxes imposed in tax treaty countries that are not eligible for credit under the relevant treaty, and to foreign taxes paid by sub-subsidiaries on branch profits outside the state of residence.

Unilateral credit relief on foreign dividends is calculated initially on a source-by-source and item-by-item basis. A system of onshore pooling applies, whereby companies can average foreign tax credits across dividends on all shareholdings of at least 5% in any company (whether or not resident in the European Union or a tax treaty country). Following the extension of the 12.5% rate to certain foreign dividends (*see* section 6.1.1.), restrictions are in place regarding the mixing of dividends taxed at different rates. Excess foreign tax credits can be carried forward indefinitely for set-off against foreign dividend income in future years.

Where, in addition to a foreign dividend, a payment is made under the law of another state to an Irish-resident recipient in connection with foreign tax paid by another person, the amount of available credit relief is reduced by the amount of the payment.

An additional foreign tax credit is available for certain foreign dividend income received from EEA treaty-partner resident companies. This is calculated by reference to a nominal rate of taxation in the jurisdiction where the payer is resident.

Interest and royalties

Ireland has currently a tax treaty in force with all EU Member States.

Ireland has also implemented the EU Interest and Royalties Directive.

When no credit relief is available for withholding tax suffered abroad, that foreign tax may be deducted from taxable income. Such a deduction, however, may not result in a loss for tax purposes.

Trading companies are entitled to unilateral credit relief for withholding tax incurred on royalties paid by persons resident in non-treaty countries. The royalties must be received by the company as part of its trading income, and credit relief must not be otherwise available under a tax treaty. Unrelieved foreign tax may be deducted from any other foreign royalty income received from a non-treaty country.

Treaty relief

Ireland's tax treaties typically provide credit relief on an item-by-item basis for eligible foreign tax on income and capital gains. Credit for tax underlying a foreign dividend is given under most treaties, but in the more recent treaties, only if a minimum voting power test is met. Taxpayers can elect to forego credit relief under a treaty and instead report their income from the treaty country on a net-of-foreign-tax basis.

The Finance (No. 2) Act 2013 provides for carry-forward of unrelieved foreign tax in respect of leasing income. The tax can be set off against taxable profits from the same source of income in the subsequent accounting period.

6.2. *Non-resident companies*

For the concept of residence, *see* section 1.2.1.

6.2.1. Taxes on income and capital gains

For a non-resident company carrying on a trade in Ireland through a branch or agency, corporation tax is chargeable at the normal rates on the company's trading income directly or indirectly arising from that trade, as well as on capital gains on assets used, held or acquired for the purposes of the trade (section 25 of the TCA 1997). However, rollover relief may be claimed on intra-group transfers from Irish branches of companies resident in EEA countries with which Ireland has a tax treaty, to other group members, provided that both companies are within the charge to Irish tax in respect of the transferred assets (*see* section 2.1.).

Irish-source dividends, interest and royalties derived by a non-resident company, and connected to a branch or agency in Ireland, are generally treated in the same manner as those paid to or derived by a resident company.

A deduction is normally accepted for head office expenses.

The concept of a permanent establishment is not recognized as such in Irish domestic law. A non-resident company is generally liable to Irish tax if it is trading in Ireland, irrespective of the degree of physical presence or representation there. If a non-resident company carries on trade through an Irish branch or agency, it is liable to *corporation tax*. If the trade is carried on without a branch or agency, such a company is subject to *income tax* (and not to corporation tax).

Irish-source income that is not within the charge to Irish corporation tax is subject to income tax at the standard rate of 20%. As for chargeable gains, non-resident companies are subject to capital gains tax only on gains on the disposal of immovable property located in Ireland, minerals or rights in minerals located in Ireland, certain rights to exploration and exploitation on the Irish continental shelf and unquoted shares that derive all or the greater part of their value from the such assets. Upon the acquisition of such assets by a resident from a non-resident, the resident purchaser must withhold and remit to the Revenue tax at a rate of 15% of the purchase price that exceeds EUR 500,000.

There are no branch profits taxes or remittance taxes. For withholding taxes, *see* section 6.3.

6.2.2. Taxes on capital

There is no net worth tax.

Non-residents are subject to rates (*see* section 5.2.) in respect of their immovable property located in Ireland.

6.2.3. Administration

Non-resident companies subject to corporation tax are, in general, subject to the same rules as resident companies (*see* section 1.8.). In addition, information is required which allows the Revenue to identify the company and the nature of its obligation to pay tax in Ireland. If a company is liable to income tax only, it must follow the procedures applying to self-assessment for income tax. This means, for example, that tax returns must be submitted after the end of the relevant tax year, rather than after the end of the company's accounting period.

Payments may be collected from a non-resident company's branch, or from an agent, irrespective of whether that agent has received any of the money payable. Certain independent agents are exempt from the rule.

6.3. *Withholding taxes on payments to non-resident companies*

6.3.1. Dividends

The general rule is that dividends paid by resident companies to non-resident companies are subject to withholding tax at the 20% standard rate of income tax, unless a lower rate applies under a tax treaty (section 172A and 172B of the TCA 1997) (*see* section 6.3.5.).

However, no withholding tax is levied if the recipient is (section 172D of the TCA 1997):

- a company which is resident in another EU Member State or in a tax treaty country and which is not controlled by Irish resident persons;
- a non-resident company which is controlled by persons who are resident in another EU Member State or in a tax treaty country and those persons are not themselves controlled by persons who are not so resident;
- a non-resident company where the principal class of shares in the company (or of its 75%-plus parent company) is substantially and regularly traded on a recognized stock exchange in another EU Member State or in a tax treaty country, or on a stock exchange in Ireland, or on any other such stock exchange approved by the Minister of Finance. The company also qualifies for the exclusion if it is wholly owned by two or more companies and the principal classes of shares in all those companies meet such listing requirements.

For withholding tax on property income dividend (PID), *see* section 1.7.3.

6.3.2. Interest

The general rule is that interest paid by resident companies to non-resident companies is subject to withholding tax at the 20% standard rate of income tax, unless a lower rate applies under a tax treaty (section 246 of the TCA 1997) (*see* section 6.3.5.).

This does not apply to, inter alia, interest paid (section 246 of the TCA 1997):

- on profit-sharing loans (treated as dividends);
- on quoted Eurobonds held in a recognized clearing system or held by a non-resident who has filed a prescribed declaration;
- to a company resident in another EU Member State or in a tax treaty country in the ordinary course of the payer's business;
- to a bank carrying on a business in Ireland;
- by a resident bank (on deposits) to a non-resident company;

- interest paid by SFAZ and IFSC companies (*see* section 1.7.1.); and
- to an approved non-resident pension scheme.

Withholding tax is not levied if interest and patent royalties are paid to an associated company resident in another EU Member State or Switzerland qualifying for the provisions of the Interest and Royalties Directive (2003/49) (section 267-267G of the TCA 1997). For this purpose, an associated company exists where one company controls directly at least 25% of the voting power of the other, or a third qualifying company controls at least 25% of the voting power of each of the other companies, for an uninterrupted period of at least 2 years. In practice, other than in the case of Switzerland, the provisions of the Directive add little to the existing domestic exemption for interest paid to EU residents.

Interest on debts where there is no provision for repayment of the principal amount or where repayment is due more than 50 years after the creation of the debt is excluded from relief. The amount of royalties that exceed an arm's length amount is excluded from relief.

6.3.3. Royalties

Patent royalties paid by resident companies to non-resident companies are subject to withholding tax at the 20% standard rate of income tax, unless a lower rate applies under a tax treaty (sections 238 and 239 of the TCA 1997) (*see* section 6.3.5.). There is no withholding tax on other royalties.

Qualifying royalty payments are made gross where the recipient is resident in an EU country, or in a country with which Ireland has a double tax treaty. This includes a country with which Ireland has signed a tax treaty which is not yet in force. There must be levied in the country of residence of the recipient, a tax on resident companies that generally applies to foreign-source royalties.

Under the provisions implementing the EU Interest and Royalties Directive, patent royalties may be exempt from withholding tax when paid to a company resident in another EU Member State or Switzerland. *See* section 6.3.2. as regards the conditions for this relief.

The tax base for patent royalties includes VAT at the standard rate (*see* section 8.5.).

Tax must be withheld on the sale of an Irish-registered patent by a non-resident vendor.

6.3.4. Other

Payments of charges on income (*see* section 1.3.3.3.), other annual payments, and rents to non-resident companies are subject to withholding tax.

6.3.5. Withholding tax rates chart

The following chart contains the withholding tax rates that are applicable to dividend, interest and royalty payments by Irish companies to non-residents under the tax treaties in force as at the date of review. Where, in a particular case, a treaty rate is higher than the domestic rate, the latter is applicable. Under domestic law, there is generally no withholding tax on dividends paid to residents of treaty countries and no tax is withheld on such payments, even where a treaty allows such tax.

A reduced treaty rate may be applied at source if the appropriate residence certificate has been presented to the withholding agent making the payment.

The treaties concluded by Ireland with Guernsey, the Isle of Man and Jersey have entered into force. The treaties do not cover payments of dividends, interest and royalties.

	Dividends		Interest[1]	Royalties[2]
	Individuals, companies	Qualifying companies[3]		
	(%)	(%)	(%)	(%)
Domestic Rates				
Companies:	20	0	0/20	0/20
Individuals:	0/20	n/a	0/20	0/20
Treaty Rates				
Treaty With:				
Albania	10	0/5[4]	7	7
Armenia	15	0/5[5]	0/5/10[6,7]	5
Australia	0	0	10	10
Austria	0	0	0	0
Bahrain	0	0	0	0
Belarus	10	0/5[4]	5	5
Belgium	-/0[8,9]	-/0[8,9]	0/15[10]	0
Bosnia and Herzegovina	0	0	0	0
Botswana	5	0/5[4]	7.5	5/7.5[11]
Bulgaria	10	5	5	10
Canada	15	5	0/10[12]	0/10[13]
Chile	15	5	5/15[14,15]	5/10[15,16]
China (People's Rep.)	10	5[5]	10	10[17]
Croatia	10	5	0	10
Cyprus	0	0	0	0
Czech Republic	15	5	0	10
Denmark	0	0	0	0
Egypt	10	5	10	10
Estonia	15	5	10	0/5/10[16,18]
Ethiopia	5	5	5	5
Finland	0	0	0	0
France	-/0[8,9]	-/0[8,9]	0	0
Georgia	10	0/5[19]	0	0
Germany	15	5[5]	0	0
Greece	15	5	5	5
Hong Kong	0	0	0/10[20]	3
Hungary	15	5[5]	0	0
Iceland	15	5	0	0/10[21]
India	10	10	10	10
Israel	0	0	5/10[22]	10
Italy	15	15	10	0
Japan	-/0[8,9]	-/0[8,9]	10	10

	Dividends		Interest[1]	Royalties[2]
	Individuals, companies	Qualifying companies[3]		
	(%)	(%)	(%)	(%)
Kazakhstan	15	0/5[4,23]	10	10
Korea (Rep.)	0	0	0	0
Kuwait	0	0	0	5
Latvia	15	5	10	0/5/10[24]
Lithuania	15	5	10	5/10[16,25]
Luxembourg	-/0[8,9]	-/0[8,9]	0	0
Macedonia (FYR)	10	5	0	0
Malaysia	10	10	10	8
Malta	15	5[5]	0	5
Mexico	10	5[5]	5/10[26]	10
Moldova	10	5	0/5[27]	5
Montenegro	10	5[5]	10	5/10[32]
Morocco	10	6	0/10[28]	10
Netherlands	15	0	0	0
New Zealand	0	0	10	10
Norway	15	5[5]	0	0
Pakistan	10	5	10	10
Panama	5	5	0/5[28]	5
Poland	15	5	0/10[22]	0/10[29]
Portugal	15	15	0/15[30]	10
Qatar	0	0	0	5
Romania	3	0/3[31]	0/3[22]	0/3[32]
Russia	10	10	0	0
Saudi Arabia	5	0[33]	0	5/8[16]
Serbia	10	5	0/10[34]	5/10[35]
Singapore	0	0	5	5
Slovak Republic	10	0	0	0/10[36]
Slovenia	15	5	5	5
South Africa	10	5[5]	0	0
Spain	0	0	0	5/8/10[37]
Sweden	0	0	0	0
Switzerland	15	0[38]	0	0
Thailand	10	10	10/15[39]	5/10/15[40]
Turkey	15	5	10/15[41]	10
Ukraine	15	5	5/10[42,43]	5/10[43,44]
United Arab Emirates	0	0	0	0
United Kingdom	15	5	0	0
United States	15	5	0	0
Uzbekistan	10	5[5]	5	5
Vietnam	10	5[45]	10	5/10/15[46]
Zambia	7.5	7.5	10	8/10[47]

1. Many treaties provide for an exemption for certain types of interest, e.g. interest paid to the state, local authorities, the central bank, export credit institutions or in relation to sales on credit. Such exemptions are not considered in this column.
2. Under domestic law, withholding tax is imposed on royalties only if they relate to the use of a patent.
3. Under domestic law, there is generally no withholding tax on dividends paid to residents of treaty countries.
4. The 0% rate applies to dividends paid to certain public bodies.
5. The zero rate applies if the recipient company has owned, directly or indirectly, at least 25% of the Irish company's capital for at least 2 years. Conditions may apply. The 5% rate applies if the beneficial owner holds directly at least 10% of the capital or voting power of the company paying the dividends.
6. The 0% rate applies to interest paid to the state or any institution wholly owned by the state. The 5% rate applies, inter alia, to interest paid to banks.
7. A most favoured nation clause may be applicable with respect to interest.
8. The domestic rate applies; there is no reduction under the treaty.
9. The 0% rate applies only for Irish surtax.
10. The lower rate applies to interest payments between banks on current accounts and nominal advances and to interest on bank deposits not represented by bearer bonds.
11. The 5% rate applies to industrial, commercial and scientific equipment royalties. The 7.5% rate applies in other cases.
12. The lower rate applies, inter alia, to interest paid by the government or a local authority and interest paid to qualifying pension plans, etc.
13. The lower rate applies to copyright royalties (excluding films), computer software, patents and know-how.
14. The lower rate applies, inter alia, to interest derived from loans granted by banks and insurance companies, bonds or securities traded on a securities market.
15. A most favoured nation clause may be applicable with respect to interest and royalties.
16. The 5% rate applies to royalties for industrial, commercial or scientific equipment.
17. On royalties for the use of (or the right to use) industrial, commercial, or scientific equipment, the rate applies on 60% of the gross amount of the royalties.
18. The rates under the treaty are 5% and 10%. However, by virtue of a most favoured nation clause the rates are reduced to 0% for royalties (as defined). Under the 2014 amending protocol of the Estonia-Switzerland treaty, the rate is 0%.
19. The 0% rate applies if the beneficial owner holds directly at least 50% of the voting power of the company paying the dividends and has invested at least EUR 2 million or its equivalent in Georgian currency. The 5% rate applies the beneficial owner holds directly at least 10% of the voting power of the company paying the dividends and has invested at least EUR 1 million or its equivalent in Georgian currency.
20. The lower rate applies, inter alia, to interest paid to a bank or other financial institution, interest paid by a bank or other financial institution, and interest paid to a recognized pension plan.
21. The lower rate applies to royalties for computer software, patents and for know-how.
22. The lower rate applies, inter alia, to interest on any loan granted by a bank.
23. The 5% rate applies if the beneficial owner holds directly at least 25% of the capital or voting power of the company paying the dividends.
24. The rates for royalties under the treaty are 5% for industrial, commercial or scientific equipment and 10% in all other cases. However, by virtue of a most favoured nation clause the rate is reduced to 0%. Under the Japan-Latvia treaty the rate is 0%.
25. A most favoured nation clause may be applicable with respect to royalties.
26. The lower rate applies if the beneficial owner is a bank.
27. The lower rate applies, inter alia, to interest paid by public bodies and to interest paid to financial institutions.
28. The lower rate applies, inter alia, to interest paid to pension funds.
29. The lower rate applies to royalties for technical services.
30. The lower rate applies if the debtor is the government or a local authority or it is paid to the government, a local authority or any connected institution.
31. The zero rate applies to loans granted by banks or other financial institutions or loans with a term of more than 10 years.
32. The lower rate applies to copyright royalties.

33. The zero rate applies if the recipient is (i) a company that holds directly at least 25% of the capital in the paying company; or (ii) the government of Saudi Arabia, the Saudi Arabian Monetary Agency or any institution, agency or fund wholly owned by the government of Saudi Arabia.
34. The zero rate applies, inter alia, to interest paid to the government, the Central Bank or any financial institution wholly or partly owned by the government.
35. The lower rate applies to copyright royalties, including films, etc. and excluding computer software.
36. The lower rate applies to copyright royalties including films, recordings on tape or other media used for radio or television broadcasting or other means of reproduction or transmission.
37. The 5% rate applies to royalties for copyrights of literary, dramatic, musical or artistic work; the 8% rate applies to copyright royalties on films, etc. and to royalties for industrial, commercial or scientific equipment.
38. This rate applies if the beneficial owner of the dividends is (i) a company (other than a partnership) which holds directly at least 10% of the capital in the company paying the dividends; (ii) a pension scheme; or (iii) the central bank of the other Contracting State.
39. The lower rate applies, inter alia, to interest paid to a financial institution.
40. The 5% rate applies to copyright royalties; the 10% rate applies to royalties paid for the use of equipment or a patent; and the 15% rate to royalties paid for trademarks, designs and know-how.
41. The lower rate applies to interest paid in respect of a loan or other debt claim for a period exceeding 2 years or if the interest is received by a financial institution.
42. The lower rate applies to interest paid in connection with the sale on credit of industrial, commercial or scientific equipment and interest on any loan granted by a bank.
43. A most favoured nation clause may be applicable with respect to interest and royalties.
44. The higher rate applies to royalties for copyrights of literary or artistic work, including cinematograph films.
45. The 5% rate applies if the beneficial owner holds at least directly 70% of the voting power of the company paying the dividends.
46. The 5% rate applies to royalties for any patent, design or model, plan, secret formula or process, or for information concerning industrial or scientific experience; the 10% rate applies to royalties for trademarks or for information concerning commercial experience.
47. The 8% rate applies to royalties in respect of any copyright of scientific work, any patent, trademark, design or model, plan, secret formula or process or information concerning industrial, commercial or scientific experience.

7. Anti-Avoidance

7.1. *General*

There is a general anti-avoidance provision, which applies to counteract any "tax avoidance transactions" (section 811 of the TCA 1997). There are also more targeted provisions designed to deal with particular tax avoidance transactions, such as those relating to close companies (*see* section 2.1.) and tax-motivated interest payments.

The Finance Act 2015 introduced the general anti-abuse rule contained in EU Directive 2015/121/EU. Under this rule, no relief is available under the Parent-Subsidiary Directive (2011/96/EU) (*see* section 6.1.4.) , where tax arrangements are in place whose (main) purpose is to obtain a tax advantage that is contrary to the purpose of the Directive (section 831 of the TCA 1997).

Mandatory disclosure obligations apply to promoters of certain tax avoidance schemes. If the schemes contain certain prescribed features, the promoter is obliged to supply to the Revenue certain information on the scheme. The "promoter" will generally be a tax adviser, but the legislation provides in certain cases for the obligation to be placed on the "user" of the scheme. This could be where the promoter is not based in Ireland, or is protected by legal professional privilege.

Under the general anti-avoidance rule:

- where a person enters into a transaction that could reasonably be considered (based on certain specified factors) to be a tax avoidance transaction, that person will be denied the benefit of any tax advantage arising from that transaction;

- where a person enters into a transaction as specified above, and claims the benefit of a tax advantage, the person becomes liable to an additional payment, in the form of a surcharge of 20% of the tax advantage (section 811A of the TCA 1997). There are provisions enabling a taxpayer to make a “protective notification” where the taxpayer is concerned that the transaction may be treated as a tax avoidance transaction; and
- where the taxpayer has entered into a tax avoidance transaction and claimed the benefit of a tax advantage (thereby becoming liable to a surcharge), or has fallen foul of certain specific anti-avoidance legislation, the taxpayer may nevertheless be liable to a reduced surcharge if full disclosure is made to the Revenue.

7.2. Transfer pricing

Under the Ireland’s transfer pricing legislation, domestic and international transactions between associated persons undertaken in the course of trading activities must be entered into at arm’s length (section 835A-835H of the TCA 1997). As such, where an arrangement between associated entities is made otherwise than at arm’s length, an adjustment may be made where the company has understated income or overstated expenses.

Persons are “associated” if:

- one of the persons is (directly or indirectly) participating in the “management, control or capital” of the other person; or
- the same person is (directly or indirectly) participating in the management, control or capital of each of these two persons.

Irish transfer pricing legislation formally endorses the OECD Guidelines. As such, the methodologies applied under those guidelines are approved and followed in Ireland (i.e. the comparable uncontrolled prices (CUP), cost-plus, resale price, transactional net margin and profit split methods). The Irish tax authorities have not provided any guidelines in respect of a hierarchy of methodologies for transfer pricing in Ireland.

Small and medium-sized companies are outside the scope of the transfer pricing legislation. The definition of an SME is based on the definition of medium-sized enterprises in the EU Commission Recommendation of 6 May 2003 (OJ No. L124, 20 May 2003), and includes groups of companies where the groups employ less than 250 employees and either have a turnover of less than EUR 50 million or assets of less than EUR 43 million. However, the definition given in the Annex is modified in certain circumstances.

Under the country-by-country reporting rules, an Irish resident parent company of a multinational enterprise must file an annual country-by-country report with the Revenue Commissioners if the consolidated turnover of the group exceeds EUR 750 million (section 891H of the TCA 1997). The report, which covers each jurisdiction in which the parent conducts business activity, must include, among others, information on revenue, profit or loss before tax, income tax paid, the number of employees, stated capital and accumulated earnings. The deadline for the filing of the first CBC reports, which was initially set at 31 December 2017, was extended to 28 February 2018.

The Revenue Commissioners are authorized to share information included in the country-by-country reports with competent authorities of other jurisdictions, if there is a qualifying competent authority agreement with the jurisdiction allowing for the exchange of information.

7.3. *Thin capitalization*

Ireland does not have any direct legislation against thin capitalization, but interest paid to a 75% non-resident parent or co-subsidiary may be disallowed and deemed to be a dividend in certain cases (section 130(d) of the TCA 1997). This does not apply to payments made to companies resident in EU Member States, to companies resident in tax treaty countries, or to companies resident in a non-treaty country, provided that the payment was made in the ordinary course of the trade of the paying company, and the company elects for the payment not to be treated as a dividend. In addition, subject to conditions, the deemed-dividend provision does not apply to payments of interest by banks to non-resident parent companies.

7.4. *Controlled foreign company*

There is no CFC legislation.

8. Value Added Tax

8.1. *General*

Value added tax is imposed on virtually all transactions within Ireland involving goods and services, and on imports. VAT is borne indirectly by the consumer of goods and services. It is charged on the added value of each transaction up until acquisition by the consumer.

8.2. *Taxable persons*

Each person who in the course of a trade or profession makes taxable supplies of goods and services within Ireland, as well as any person on importation, is a taxable person for VAT purposes (section 2(1) of the VATCA 2010). The registration threshold is EUR 37,500 for supplies of services and EUR 75,000 for supplies of goods. For persons making intra-Community acquisitions, the threshold is EUR 41,000.

8.3. *Taxable events*

VAT is chargeable on (sections 19-28 of the VATCA 2010):

- the supply of goods or services in Ireland in the course of a business;
- importation of goods into Ireland from outside the European Union (at the port of entry);
- importation of services (by declaration in the taxable person's VAT return); and
- intra-Community acquisitions by VAT-registered persons.

8.4. *Taxable amount*

The taxable base is the consideration paid for the goods and services (section 37 of the VATCA 2010). At importation, it is the value for customs duty purposes, increased by the customs duty payable. In computing the final tax liability, the tax paid by the taxable person on the purchase and importation of goods and services for the purposes of a business is deducted, so that, in effect, only the value added is taxable.

8.5. *Rates*

The standard rate of VAT is 23% (section 46(a) of the VATCA 2010).

A reduced rate of 13.5% applies, inter alia, to the supply of immovable property and services related to such property, short-term hiring of cars, fuel and energy in general, and child car seats (section 46(c) of the VATCA 2010). There is a 5.4% (5.2% before 1 January 2017) farmers' flat rate for unregistered farmers.

A reduced rate of 4.8% applies to the supply of livestock (section 46(d) of the VATCA 2010).

A reduced rate of 9% applies, on a temporary basis, to certain supplies of goods and services related to the tourism industry (section 46(ca) of the VATCA 2010). These include supplies relating to the following: catering and restaurant services, hotel lettings (including guesthouses, caravan parks, camping sites, etc.). Cinemas, theatres, fairgrounds or amusement park services, facilities for taking part in sporting activities, and admission to open farms. Also subject to the 9% rate are the supplies of printed matter (e.g. newspapers and periodicals), and hairdressing services.

Zero rating applies to most food and drink used for human consumption, most exports of goods and services connected to the export of goods, as well as children's clothing and certain books and medical equipment (section 46(b) of the VATCA 2010). In addition, supplies to non-Irish-registered EU persons are zero rated. All supplies outside the European Union are zero rated.

8.6. *Exemptions*

A number of activities are exempt from the charge to VAT, including certain lettings of immovable property, certain agency services, insurance services and banking and stock exchange activities (section 52 of the VATCA 2010). An election can be made to waive the exemption of (opt to tax) lettings of certain categories of immovable property leased for less than 10 years.

8.7. *Non-residents*

Non-residents making supplies of taxable goods and services in Ireland, importing goods or making intra-Community acquisitions in excess of EUR 41,000 per year must register for VAT. There are no rules providing for the registration of a VAT representative. Registration is made in the ordinary way.

An entrepreneur established in another EU Member State and not also established in Ireland, and who does not make any supplies in Ireland, may reclaim any VAT which would have been available for deduction if he were making supplies in Ireland. A similar facility applies to entrepreneurs established outside the European Union.

9. Miscellaneous Taxes

9.1. *Capital duty*

Not applicable.

9.2. *Transfer tax*

Stamp duties are levied on the transfer of Irish real estate and on certain documents evidencing transfers of other forms of property, including stocks and marketable securities (section 2 of the SDCA 1999).

Stamp duty may be either *ad valorem* or fixed, depending on the nature of the dutiable document.

9.2.1. Immovable property

With effect from 11 October 2017, stamp duty on the transfer of non-residential property is payable at a rate of 6% (increased from 2%) for instruments executed on or after that date (Schedule 1 of the SDCA 1999) (transitional measure apply). If, however, a binding contract was entered into before that date, the rate is (still) 2% if certain conditions were met, including, inter alia, that the instrument was executed before 1 January 2018. The duty is levied on the amount of the consideration for the transfer.

Regarding the transfer of residential property, two rates apply. Where the value of the property does not exceed EUR 1 million, stamp duty is payable at the rate of 1% of the consideration. Where the value of the property exceeds EUR 1 million, the applicable rate is 2%.

9.2.2. Shares, bonds and other securities

Stocks and marketable securities are charged to stamp duty at a rate of 1% of the consideration paid (Schedule 1 of the SDCA 1999). The charge also applies where the transfer is effected electronically through the CREST system.

A wide range of exemptions is in place, including the transfer of assets pursuant to cross-border mergers and mergers of Irish public limited companies. An exemption from stamp duty applies on share transfers in relation to companies that are listed on the Enterprise Securities Market (ESM) of the Irish Stock Exchange (proposed by the Finance (No. 2) Act 2013).

9.3. *Stamp duty*

For stamp duty on transfers, *see* section 9.2.

9.4. *Customs duty*

In the European Union, customs law is harmonized and applies only to movements of goods between the European Union and third countries. Customs duties, as possibly other taxes (for example VAT (*see* section 8.3.)), are imposed on the import of goods into the EU Customs Union.

The EU Customs Union consists of the EU Member States, as well as Monaco, the Channel Islands, the Isle of Man and the areas of Akrotiri and Dhekelia (Cyprus). Turkey, San Marino and Andorra have separate customs agreements with the EU.

The basis for calculating the customs duty is the customs value, which is generally the sum of the price paid for the goods and any related insurance and shipping costs. A percentage (tariff), which depends on the type and origin of the good being imported, is then applied to the customs value to determine the customs duty payable. The applicable tariff can be found in the Common Customs Tariff (Council Regulation (EEC) No. 2658/87 of 23 July 1987).

EU customs legislation comprises the Union Customs Code (Regulation (EU) No. 952/2013), the Common Customs Tariff, the Customs Duty Relief Regulation and various international agreements. The Union Customs Code, supplemented by the Delegated Act and Implementing Act, replaced the Community Customs Code (Regulation (EEC) No. 2913/92) as from 1 May 2016.

One of the main differences between the Union Customs Code and the Community Customs Code relates to the mandatory use of the “last sale” amount for valuation purposes (i.e. the sale price immediately before the goods are brought into the territory of the European Union). Previously, a “first sale for export” valuation basis was possible, under which duties were imposed on the manufacturer-to-middleman transaction price (which is generally lower than any subsequent sales).

9.5. *Excise duty*

Ireland levies excise duties on alcoholic beverages, tobacco products and hydrocarbon oils (including LPG).

IRELAND

This chapter is based on information available up to 1 March 2018.

Abbreviations

Abbreviation	*English definition*
CATCA 2003	Capital Acquisitions Tax Consolidation Act 2003
SWCA 2005	Social Welfare Consolidation Act 2005
TCA 1997	Taxes Consolidation Act 1997

Introduction

Individuals are liable to income tax and capital gains tax on their chargeable income and gains, respectively. Social security contributions are levied on earned income. There is also a gift and inheritance tax (capital acquisitions tax) regime in force. For VAT and miscellaneous indirect taxes, *see* Corporate Taxation, sections 8. and 9., respectively.

The governing legislation is the Taxes Consolidation Act 1997, which is amended and supplemented every year in the annual Finance Act. Irish tax legislation contains a number of regional and sectorial fiscal state aid regimes, as well as special savings and investment incentives. Although these are to a great extent aimed at corporate taxation, a number of them are also applicable for income tax and capital gains tax purposes.

The authority responsible for the administration and collection of taxes is the Irish Revenue.

The currency is the euro (EUR).

1. Individual Income Tax

1.1. *Taxable persons*

Income tax and capital gains tax are charged on the worldwide income of individuals resident and domiciled in Ireland, on the worldwide capital gains of individuals resident or ordinarily resident and domiciled in Ireland, and on the Irish-source income and gains from immovable property situated in Ireland accruing to non-resident individuals (section 12 of the TCA 1997).

An individual who is resident but non-domiciled in Ireland is charged to Irish tax in respect of foreign income only if such income is remitted to Ireland.

An individual who is resident and/or ordinarily resident, but non-domiciled, in Ireland, is eligible for the remittance basis in respect of foreign capital gains.

An individual is *resident* if he is present in Ireland for (a) 183 days or more in a tax year, or (b) 280 days or more in a tax year and the preceding tax year (residence commences in the second of these 2 tax years) (section 819 of the TCA 1997). For the purposes of the 280-day test, only stays of a total of 31 days or more in either of the two tax years are taken into account. An individual may, however, elect to be treated as resident for a tax year if he is resident in the following year.

If an individual becomes resident or non-resident, he is treated as a resident for the full tax year in which he arrives or departs, i.e. for the full tax year from 1 January prior to his arrival, and to 31 December subsequent to his departure, respectively.

Ordinary residence roughly equates to the taxpayer's habitual abode (section 820 of the TCA 1997). An individual is ordinarily resident if he has been resident in Ireland during the previous 3 tax years. Similarly, an individual ceases to be ordinarily resident only when he has been non-resident for 3 consecutive tax years. Domicile is a concept of private international law, and denotes a stronger connection to a jurisdiction than mere residence (*see* section 6.2.1.).

An individual is *domiciled* in the country he regards as his natural or permanent home. An individual can only have one domicile. A domicile of origin is acquired at birth. This is normally the domicile of his father and therefore not necessarily the country where he himself was born. To acquire a domicile of choice, a person must sever his ties with the country of his domicile of origin and settle in another country with the clear intention of making his permanent home there. Where a domicile of choice is established, but then abandoned by a move to a different jurisdiction, the domicile of origin automatically revives until and unless it is displaced by a new domicile of choice.

A domicile levy applies to individuals who are Irish domiciled, and neither resident nor ordinarily resident there, but who own Irish-situs property worth over EUR 5 million, with worldwide income exceeding EUR 1 million (before deduction of capital allowances and losses), and an Irish income tax liability of less than EUR 200,000.

The same tax treatment applies for registered civil partners as for married couples. The relevant taxes are income tax, stamp duty, capital acquisitions tax, capital gains tax, and VAT. Registered civil partners are same-sex couples whose partnership has been registered under the law.

Spouses and civil partners may elect to be taxed either separately or jointly (*see* section 1.10.). The income of a child is assessed separately, i.e. not aggregated with the income of the parents, unless such income stems from money or property settled on the child by a parent.

Individuals trading or exercising a profession in partnership are individually assessed on their shares of the partnership income and capital gains.

1.2. *Taxable income*

1.2.1. General

Income tax is assessed according to a schedular system, based on the nature of the income source. The currently applicable schedules and cases thereunder are (sections 17-20 of the TCA 1997):

C:	profits from payment of interest and dividends out of public revenue when payable in Ireland;	
D:	Case I:	trading profits;
	Case II:	profits from the exercise of professions;
	Case III:	untaxed interest and foreign income;
	Case IV:	any other income or profit not otherwise taxable;
	Case V:	rental income from land in Ireland;
E:	income from employment and pensions; and	
F:	distributions from resident companies.	

Income tax is levied on the total income from all sources.

The ownership and occupation of a house does not give rise to any imputed income.

1.2.2. Exempt income

Total exemption from income tax applies for taxpayers aged 65 and over, whose income does not exceed EUR 18,000 (double for married taxpayers and civil partners) in 2018 (section 188 of the TCA 1997). These limits are increased by EUR 575 for each of the first two children and EUR 830 for the third and subsequent children. Marginal relief applies where the income slightly exceeds these limits. In the case of a further excess, the income is fully taxable, but the tax is limited to 40% on the excess, up to double the exempt income.

Specific exemptions are granted for the following types of income (sections 187-216C of the TCA 1997):

- profits from the occupation of commercial woodlands, including dividends paid out of corporate profits related thereto;
- income of certain artists, composers, painters, sculptors and writers, from the exercise of their artistic talents, provided that they are resident or ordinarily resident and domiciled in Ireland and not resident elsewhere. There is an advance ruling procedure for taxpayers claiming this relief. The relief is limited to EUR 50,000 per annum;
- earnings up to EUR 15,000 from childminding up to three children in the minder's own home;
- scholarships and bursaries; and
- interest on savings certificates issued by the Minister for Finance, up to a maximum investment specified by the Minister.

The "rent-a-room" scheme allows for annual tax-free income up to EUR 14,000 (EUR 12,000 before1 January 2017) from the renting of a room or rooms in a taxpayer's principal residence. The exemption does not affect the entitlement to mortgage interest relief (*see* section 1.7.1.1.) or relief from capital gains tax on the disposal of a principal private residence (*see* section 1.6.).

See also sections 1.3.1. and 1.3.3.

1.3. *Employment income*

1.3.1. Salary

The charge on employment income under Schedule E covers all salaries, fees, wages, perquisites or profits whatsoever from an office or employment (section 112 of the TCA 1997).

Expenses incurred wholly, exclusively and necessarily in the performance of the duties of the office or employment are deductible. In general, deductions are allowed for expenditure on special clothing worn in the performance of the taxpayer's duties, expenditure on tools and extra expenditure incurred by commercial travellers. The cost of commuting is normally not deductible.

The reimbursement of reasonable removal expenses is not taxable.

Termination payments are taxable under special provisions, provided that they are not chargeable under the general Schedule E rules, and include compensation for loss of office, salary in lieu of notice and damages for breach of contract of employment. There is a basic exemption of EUR 10,160, plus EUR 765 for each complete year of service. For long-serving employees, the exemption may be increased further. The exemption is capped at EUR 200,000.

1.3.2. Benefits in kind

Benefits in kind received by employees and directors are taxable (sections 116-120A of the TCA 1997). Taxable benefits in kind include the provision of a motorcar, provision of accommodation unless essential to the performance of the employment, interest forgone on a loan, and expense payments not relevant to the employee's duties. Special provisions enable the Revenue to assess the value of benefits in kind.

To electric cars provided to employees in the period 1 January 2018 to 31 December 2018 no taxable benefit in kind will be assigned (section 121 of the TCA 1997).

The benefit of a preferential loan arrangement is charged with income tax at the difference between the actual interest paid and a rate specified in the annual budget. The current rate is 4% for home loans and 13.5% for other loans.

Generally, share options are not taxed when they are initially granted, but at the time when they are exercised or when the benefits are otherwise realized. Specific tax rules are in place for various share schemes arrangements. Finance Act 2017 introduced special rules for employee share options schemes of small and medium-sized enterprises (SMEs): the Key Employee Engagement Programme (KEEP). Under KEEP, in short, the exercise of a qualifying option does not result in a liability to income tax (*see* section 1.9.1.), USC (*see* section 2.) and employee PRSI (*see* section 3.), but instead only to capital gains tax (*see* section 1.6.) on any profit from the subsequent sale of the shares. The new rules are in place from 1 January 2018 until 31 December 2023.

1.3.3. Pension income

Pension income is normally taxable (under Schedule E) (section 112 of the TCA 1997), but the law allows for partial commutation to a tax-free lump sum.

The lifetime limit on the tax-free lump sum is EUR 200,000. Any excess is taxed at the standard income tax rate (*see* section 1.9.1.) up to a certain limit, and at the individual's marginal rate thereafter. Lump sums are therefore taxed as follows:

- amounts drawn down, up to the proposed lifetime limit of EUR 200,000, are tax free;
- amounts exceeding that limit, but not exceeding EUR 575,000, are taxed at the standard income tax rate; and
- amounts exceeding EUR 500,000 are taxed at the individual's marginal rate.

The EUR 500,000 figure is derived by providing for 25% of the Standard Fund Threshold (SFT) (*see* section 1.3.3.1.). The SFT is set at EUR 2 million (EUR 2.3 million in 2013).

For individuals with pension rights exceeding the SFT as at 7 December 2005 (when the SFT was first introduced, at a level of EUR 5 million) or as at 7 December 2010 (when the SFT was then at EUR 2.3 million), a higher limit or threshold (the "Personal Fund Threshold", PFT) could apply.

Following the reduction of the SFT to EUR 2 million with effect from 1 January 2014, any individual with pension rights in excess of this figure as at 1 January 2014 may also avail of the PFT.

In determining whether the individual has exceeded the lifetime limit of EUR 200,000 for the tax-free lump sum, account is taken of amounts drawn down on or after 7 December 2005. This rule is also relevant for determining whether the standard or marginal tax rates apply, and the amount of income to which these rates apply.

1.3.3.1. Employer-sponsored scheme

If a pension scheme is approved by the Revenue, the cost to the employer of establishing the scheme is deductible, and is not assessed as income in the hands of the employee. In addition, the employee's contributions to the scheme are deductible, and the relevant pension income earned by him is exempt from income tax.

The maximum allowable fund on retirement is EUR 2 million (the standard fund threshold, SFT) (section 787P of the TCA 1997). However, *see* section 1.3.3. for circumstances in which the SFT is replaced by the Personal Fund Threshold. Any excess value (i.e. exceeding the threshold) is taxed at the higher rate of income tax (*see* section 1.9.1.) when it is drawn down.

Under exempt approved schemes, the employer must fund at least one sixth of the cost of the benefit for the employer. In addition, the employee may deduct his contributions of up to 15% of his earnings to his employer's scheme, or to an additional voluntary contribution (AVC) fund. There are certain restrictions:

- the contributions must not generate a projected pension of more than a certain percentage, depending on the number of years of employment, which is two thirds of the final salary after 10 years or more; and
- the earnings for pension purposes are subject to a maximum of EUR 115,500.

If an employee leaves a scheme and has his contributions repaid to him, income tax at the standard rate is charged and deducted at source.

Taxpayers are granted a once-off option to withdraw up to 30% of the value of their AVC. These withdrawals are subject to the marginal tax rate, but not to USC (*see* section 2.) or PRSI (*see* section 3.) charges. The refund can be sought over a 3-year period commencing on 27 March 2013.

1.3.3.2. Retirement annuity contract

Relief for premiums paid in a retirement annuity contract (RAC) is available to the self-employed and to employees who are not members of an employer-sponsored scheme (sections 783-787 of the TCA 1997). The contribution limits are a percentage of earnings according to age, up to EUR 115,000 (from 2011 onwards). The relevant earnings are the taxpayer's income from an unpensionable office or employment, from a trade or profession or from certain patent rights. The contribution limit percentages are:

Age	*Limit (%)*
Under 30	15
30 - 39	20
40 - 49	25
50 - 54	30
55 - 59	35
Over 60	40

The 40% limit is available to persons of any age in an occupation in which retirement comes earlier than normal.

Contributions to foreign pension funds based in other EU Member States are equally deductible. Special arrangements are made under the tax treaty with the United States to allow for deductions of contributions to US pension funds.

1.3.4. Directors' remuneration

Directors' remuneration is taxed in the same way as other employment income (section 112 of the TCA 1997).

1.4. *Business and professional income*

The profits of a trade or profession are chargeable under Case II of Schedule D (section 18 of the TCA 1997). A trade for tax purposes includes every trade, manufacture, adventure or concern in the nature of trade.

Profits are determined by reference to commercial accounts, prepared on an accruals basis rather than a cash basis. These reflect income and expenses of a revenue nature, as opposed to capital profits and expenses, although special provisions allow for the deduction of capital expenditure in the form of capital allowances (depreciation). The general rule for expenses is that they must be wholly and exclusively laid out for the purposes of the trade in order to be deductible. For details, *see* Corporate Taxation, sections 1.3.3. to 1.3.6.

Under a "start your own business" (SYOB) incentive, individuals who establish a qualifying business activity and who have been unemployed for a period of at least 15 months prior to establishing the activity, are granted an exemption from income tax. The exemption, which is granted for a period of 2 years, is limited to income up to EUR 40,000 per annum. The incentive, originally intended be in place until 31 December 2016, has been extended by 2 years.

Taxpayers engaged in certain sports, whether as an occupation or as a profession, may claim relief from income tax on earnings from such sports, not including items such as sponsorship money or income from advertising. The relief may be claimed when the taxpayer ceases to be engaged in the relevant sport, and takes the form of a repayment of tax on 40% of the gross relevant earnings from the last 10 years. Only taxpayers resident in Ireland in the year when the claim is made may benefit from the relief.

Capital gains on the disposal of certain business assets by entrepreneurs are subject to a reduced rate of capital gains tax (*see* section 1.6.).

1.5. *Investment income*

Tax is withheld on dividends at the 20% standard rate of income tax by the distributing company (section 172A and 172B of the TCA 1997). Any tax withheld may be credited against the recipient's final income tax liability.

Deposit interest retention tax (DIRT) is withheld at source on interest paid by "relevant deposit takers" (section 257 of the TCA 1997). With effect from 1 January 2018 the rate is 37% for all such interest (39% before that date). The rate will be further reduced to 35% in 2019 and to 33% in 2020. For rates applicable to interest from foreign deposits, *see* section 6.1.1.

Relevant deposit takers are banks, building societies (interest and dividends), Trustee Savings banks, the Agricultural Credit Corporation, the Industrial Credit Corporation and the Post Office Savings Bank. The tax withheld under the DIRT scheme is deemed to fulfil the taxpayer's tax liability on that item of income, i.e. it is a final tax. However, taxpayers over 65 years or permanently incapacitated whose tax credits exceed their tax liability are entitled to a refund. The interest is added to the total income of the taxpayer, but no higher rate of income tax (*see* section 1.9.1.) may be charged on it. However, it is still taken into consideration, e.g. in respect of thresholds for allowances.

Payments of interest on Euro Commercial Papers and certificates of deposits are exempt from DIRT, provided that they are made by or through a resident of Ireland. The instruments must be held in an approved clearing system for the exemption to apply. In addition, the recipient must be beneficially entitled to the payment.

Income from an interest-in-possession or a life interest trust (broadly equivalent to usufruct income in civil-law countries) is assessed only to the standard rate of income tax in the hands of the trustees, while the individual beneficiaries of trusts may be subject to the higher rate of income tax on the trust income to which they are entitled.

A special annual charge of 20% is levied on the undistributed income of discretionary and accumulation trusts, in addition to the 20% standard rate of income tax.

Copyright royalties are generally taxable as business income in the hands of the original author, composer, etc. An exemption may, however, may apply for income from creative works having cultural or artistic merit. Patent royalties are taxed separately even where the patent is held as part of a trade (*see* section 1.9.2.).

Income tax is charged on rental income under Case V of Schedule D. A special 10% capital allowance is granted from the rental income of registered holiday cottages. It is determined on a straight-line basis. Interest payments may be deducted from rental income.

For foreign-source investment income, *see* section 6.1.1.

1.6. *Capital gains*

Capital gains tax (CGT) is charged on gains realized on the disposal of assets (section 28 of the TCA 1997). It is charged on the aggregate of gains and losses for each year of assessment. Taxpayers who are resident or ordinarily resident as well as domiciled in Ireland (*see* section 1.1.), are subject to CGT on a worldwide basis. Taxpayers who are not domiciled in Ireland are taxable on gains on assets located in Ireland, but otherwise only upon the remittance of gains.

Non-resident taxpayers are taxable only on the disposal of specified Irish assets (*see* section 6.3.1.).

Transfers between husband and wife, and between civil partners, are generally not taxable, the transferee spouse or partner acquiring the cost of acquisition of the transferor spouse or partner. A single-person assessment election for income tax does not apply to CGT, for which a further election is required. Transfers to a spouse or partner do not qualify for CGT deferral where the transferee would not be liable to CGT if he or she were to dispose of the asset in the year of the transfer.

The acquisition cost is adjusted for inflation in computing the taxable gain. This indexation relief applies only for the period of ownership up to 31 December 2002.

Capital losses may only be set off against capital gains realized in the same or any subsequent year. They may not be set off against income. Capital allowances are disregarded for CGT purposes. However, such allowances are taken into consideration in order to reduce a loss, by way of a reduction of the allowable acquisition cost.

The ordinary rate of CGT is 33% (section 28 of the TCA). Gains on certain disposals of development land are subject to a separate CGT at a rate of 40% and are ring-fenced from the taxpayer’s other capital losses or income losses. The indexation of the base cost of development land is limited to the use value at the date of acquisition.

The following exemptions from CGT apply (section 28 of the TCA):

- the first EUR 1,270 of a taxpayer's net gains;
- gains arising from certain government and local authority stocks and stocks issued by certain state-sponsored bodies;
- gains realized from life assurance or deferred annuity policies;
- chattels with a predictable life of less than 50 years, but not business assets;
- chattels sold for less than EUR 2,540; and
- gifts to charities.

Gains realized by an individual taxpayer on the sale of his private residence (and land up to one acre) are exempt. However, the increase in value attributable to the development of the property is taxable.

An exemption is also available where a farm, business, profession or company is disposed of outside the family because of the owner's retirement at the age of 55 and over, but only in respect of a consideration up to EUR 750,000. Where the retiree is aged above 66 years on 1 January 2014 or later and the business and farming assets are transferred outside the family, the EUR 750,000 limit is reduced to EUR 500,000.

Where the disposal is within the family, and the retiree is aged between 55 and 66, there is no limit in respect of the consideration, i.e. the EUR 750,000 limit (or EUR 500,000 limit, as the case may be) is displaced. The exemption also covers land, plant or machinery owned by the taxpayer and used by his family company for the purposes of its trade, provided the disposal takes place at the same time and to the same person as the shares in the company. Where the retiree is aged above 66 years on 1 January 2014 or later, and the business and farming assets are transferred within the family, an upper limit of EUR 3 million (instead of no limit) applies. The EUR 3 million exemption is an aggregate lifetime limit.

The retirement relief also extends to disposals of leased farmland. The relief is granted if, among other conditions, the land is leased for at least 5 years, and it is subsequently disposed of to a person other than a direct descendant of the individual disposing of the land.

In addition, a rollover relief applies with respect to proceeds from disposal of a farm land that are reinvested for the same purpose. The relief applies when the initial sale, purchase or exchange takes place from 1 January 2013 until 31 December 2019.

Rollover relief is available for disposals of assets due to compulsory purchase orders and on payment of a compensation, e.g. under an insurance policy. If the sale proceeds are fully reinvested in other business assets, the taxation of the gain is deferred until the disposal of the replacement asset. If such proceeds are partially reinvested, partial rollover relief may be granted.

Entrepreneurs' relief may be granted for capital gains realized by entrepreneurs on the disposal of certain business assets. The relief provides for a reduced capital gains tax rate of 10% (20% on gains realized before 1 January 2017). The application of the reduced rate is restricted to a lifetime limit of EUR 1 million of chargeable gains. The entrepreneur must, inter alia, own the assets for an uninterrupted period of 3 years during the 5 years immediately prior to disposal. Finance Act 2017 introduced several anti-avoidance measures in respect of this relief.

In addition, a CGT incentive applies where an individual, who has paid CGT on the disposal of assets, makes investments in a new business in the period from 1 January 2014 to 31 December 2018. If the individual disposes of the new investment no earlier than 3 years after the date of that investment, there is a reduction in the amount of CGT payable by up to 50%.

A property incentive applies where land and buildings situated in Ireland or any other EEA state were acquired at any time from 7 December 2011 to the end of 2014, and that property is held for more than 7 years. Upon the disposal of the property, there is no CGT in respect of any gains built up during the initial 7-year period. Finance Act 2017 reduced the minimum holding period of 7 years to 4 years for disposals made on or after 1 January 2018.

1.7. *Personal deductions, allowances and credits*

1.7.1. Deductions

Charges on income are, in general, deductible from income, regardless of the source. The term "charges on income" covers any annual payment which the taxpayer is under a legal obligation to pay, such as interest on loans and payments under a deed of covenant. The deductibility of such payments is subject to certain restrictions.

1.7.1.1. Interest

Mortgage relief applies to interest paid on a loan applied for the purchase, repair, development or improvement of the only or main residence of the taxpayer, a former or separated spouse, or a dependent relative (sections 244-245 of the TCA 1997). In general, this relief does not apply to loans taken out after 31 December 2012. The relief was to be abolished with effect from 1 January 2018, but Finance Act 2017 extended its application until 31 December 2020 on a tapered basis: for 2018, 2019 and 2020, the available relief is set at 75%, 50% and 25%, respectively, of the existing relief available in 2017.

The following rules apply:

- relief at a rate of 30% is given for first-time buyers taking out a mortgage within 2004 to 2008;
- relief at 25% is given for first-time buyers taking out a mortgage within 2009 and 2012; and
- relief at 15% is given for non-first time buyers taking out a mortgage in 2012.

The relief is given at source, with the effect of reducing the interest payments of the borrower. In order for the relief at source to be applied, the residence must be situated in Ireland. Relief is also given for a sole or principal residence in Northern Ireland and the United Kingdom, but without the deduction at source.

The mortgage interest relief is limited to interest payments of EUR 7,500 for first-time buyers and EUR 2,250 for non-first time buyers (for 2018). The limits are doubled for married couples and civil partners. For the purposes of beneficial loan arrangements with a taxpayer's employer, a deemed interest payment is relievable under the above rules.

In addition to the mortgage interest relief, relief is available (subject to the same restrictions) for bridging loans. Bridging loans are loans taken up to finance the disposal of one residence and the acquisition of another, i.e. the gap between buying and selling a home.

Further, interest on money borrowed to purchase, improve or repair property that is rented out is deductible when calculating rental income. The rate of tax relief for such interest is 80% of the interest accruing on or after 1 January 2017 (for such interest accruing before 1 January 2017, the rate is 75%).

1.7.1.2. Acquisition of a partnership

Until 31 December 2016, relief was available for interest on loans taken up to acquire a share in a partnership.

1.7.1.3. Employment and Investment Incentive

Under the Employment and Investment Incentive (EII), resident individuals may deduct the cost of subscribing for ordinary shares in qualifying unquoted trading companies (including holding companies of trading groups), up to the amount of EUR 150,000 per annum. Amounts in excess of EUR 150,000, or which exceed the amount of the taxable income of the taxpayer, may be carried forward (subject to conditions). The relief is granted until 31 December 2020.

1.7.1.4. Gifts to approved bodies

With effect from 1 January 2013, taxpayers are no longer entitled to a deduction for their donations. Instead, a tax credit is granted to the recipient at a rate of 31% (sections 483-485 of the TCA 1997). An annual limit of EUR 1 million per individual applies. There is also a maximum limit of 10% of donor's total income on eligible donations to charities and other approved bodies where the individual is directly connected to the organization.

1.7.1.5. Medical insurance and expenses

Health expenses relief is granted at the standard rate for health expenses incurred by a taxpayer (section 469 of the TCA 1997).

Relief is also given as a credit for medical insurance premiums paid to authorized insurers under contracts of medical insurance (relief is only available at the 20% standard rate of income tax). It is deducted at source by the insurer.

In respect of medical insurance policies entered into or renewed on or after 16 October 2013, the relief is restricted. The credit is capped at EUR 1,000 for an adult and EUR 500 for a child.

1.7.1.6. Home renovation incentive

A relief is given for qualifying expenditures incurred for renovation or improvement works of principal private residences taking place from 25 October 2013 until 31 December 2016 (section 477B of the TCA 1997). The relief has been subsequently extended until 31 December 2018.

The relief is given in a form of a tax credit equal to 13.5% of all qualifying expenditures. The minimum expenditure qualifying for the credit is EUR 5,000 (including VAT). The credit is granted for expenditures up to EUR 30,000.

1.7.2. Allowances

Personal allowances are available only in the form of a credit against an individual's tax liability.

1.7.3. Credits

A taxpayer is entitled to claim personal relief in the form of a tax credit at the 20% standard rate of income tax. The following are the main credits for 2018 (sections 462-468 of the TCA 1997).

Category	Credit (EUR)
Personal allowance:	
- employee tax credit	1,650
- earned income tax credit[1]	1,150
- single taxpayer and separately assessed married person/civil partner	1,650
- jointly assessed married couple/civil partners	3,300
- single person child carer credit	1,650
Age allowance (over 65 years):	
- single/widowed person	245
- married	490
Incapacitated child	3,300
Blind person's credit:	
- single, or one spouse/civil partner blind	1,650
- both spouses/civil partners blind	3,300
Home carer tax credit	1,200

1. This relief is available for self-employed individuals and proprietary directors who are ineligible for the employee tax credit. In cases where a taxpayer has income that qualifies for the earned income tax credit and the employee tax credit, the combined tax credits cannot exceed EUR 1,650.

Relief for employing a helper for an incapacitated person is available at the taxpayer's marginal rate of tax, up to a cost of EUR 75,000.

In addition, with effect from 1 January 2017, a credit applies for fishermen for the years 2017-2021 (the Fisher Tax Credit). To qualify, the fisherman must spend at least 8 hours a day for at least 80 days on a registered fishing vessel. The credit is 20% of the fisherman's income, with a maximum of EUR 1,270.

1.7.4. Other

A Help to Buy incentive is designed for individuals who want to buy or build their first house. The incentive assists the first-time buyers in obtaining the deposit required to fund the purchase or the self-build of the house. This is achieved through a rebate of income tax (including DIRT) paid over the previous 4 years, which is contributed to the deposit. The rebate is available in an amount not exceeding 5% of the purchase price of a new home up to EUR 400,000 (i.e. a maximum of EUR 20,000). For houses valued between EUR 400,000 and EUR 600,000, the rebate is also capped at EUR 20,000. For houses with a value above EUR 600,000, no rebate will be granted.

The incentive will be granted only in respect of the principal residence. The incentive must be linked to a mortgage taken out to fund at least 70% of the purchase price (for self-builds, 70% of the valuation approved by the mortgage provider). The property must be occupied by the first-time buyer for at least 5 years.

The incentive is available for contracts signed between 19 July 2016 and 31 December 2019.

Expenses (up to a maximum of EUR 5,000 per property) incurred on a vacant residential property prior to it being first let after a period of non-occupancy of at least 12 months, may be deducted from any rental income from that premises if:

- that property is let between 25 December 2017 and 31 December 2021; and
- the expenditure is incurred in the 12 months before the premises are let.

If, however, the person who incurred the expenditure stops letting the property as residential premises within 4 years (of the first letting), the amount deducted will be clawed-back in the year the letting stops.

1.8. *Losses*

Trading losses may be set off against other income of the current year, or carried forward indefinitely against profits from the same and continuing trade (sections 382-389 of the TCA 1997). However, a carry-back for 3 years is provided for on the permanent discontinuation of a trade.

Surplus capital allowances carried forward may only be set off against profits and balancing charges. Taxable income deficiencies, e.g. an excess of deductions and tax allowances over income, cannot be carried forward or set off against capital gains.

Anti-avoidance measures restrict the set-off of losses and capital allowances relating to certain trades carried on by an individual without any active involvement in the trade to income from that trade (and not against other income of the individual).

There are restrictions on relief for losses and capital allowances claimed by Irish resident individuals carrying on a film or music trade or a foreign oil and gas production trade to set off against the income from the trade concerned and, where a building on which a company has claimed capital allowances is sold to individual investors, the individuals will only be entitled to set the allowances against their rental income from the relevant building.

For foreign rental income losses, *see* section 6.1.1.

For capital losses, *see* section 1.6.

1.9. *Rates*

1.9.1. Income and capital gains

The standard and higher rates of income tax are 20% and 40%, respectively (section 15 of the TCA 1997). Tax at the standard rate is chargeable on income up to the standard rate cut-off point. For 2018, the following bands apply:

Personal status	*Income bands (EUR)*
Single/widowed:	
- without dependent children	34,550
- with dependent children	38,550
Married couple/civil partners:	
- one spouse/civil partner with income	43,550
- both spouses/civil partners with income	43,550 – 69,100[1]

1. The income band for married couples or civil partners with two incomes is increased by the lower amount of EUR 25,550 and the lower of the two incomes.

Restrictions are in place on the use of reliefs by “high income earners” (section 485C-485G of the TCA 1997). In effect, individuals earning EUR 400,000 or more per annum must be subject to tax at an effective rate of at least 30%. The restriction starts to kick in at EUR 125,000, albeit on a gradual basis, until the EUR 400,000 level.

The ordinary rate of capital gains tax is 33% (section 28 of the TCA). A special rate of 40% applies for the disposal of certain offshore life assurance policies and offshore investment products.

A reduced 10% rate (20% prior to 1 January 2017) applies to certain gains derived by entrepreneurs (subject to limitations – *see* section 1.6.).

1.9.2. Withholding taxes

The general rules for withholding tax apply to any annual payment (*see* section 1.7.1.), including patent royalties. For payments out of taxed income, the person making the payment must withhold tax at the 20% standard rate of income tax. The same applies to payments out of untaxed income, provided that the payment is chargeable under Schedule D for the recipient.

Dividends are subject to withholding at the 20% standard rate of income tax (section 172A-172M of the TAC 1997). This tax is a prepayment of the final income tax liability of the shareholder.

There is no general obligation to withhold tax from the payment of interest to individuals. Such an obligation applies only in three situations:

- payments by a company, except e.g. payments by a bank, on authorization from the Revenue, and by industrial and provident societies to an individual resident in Ireland;
- payments to persons whose usual place of abode is outside Ireland; and
- payments under the DIRT regime (*see* section 1.5.).

A professional services withholding tax at the 20% standard rate of income tax applies to payments made by certain accountable persons for professional services (sections 520-529 of the TCA 1997). Accountable persons for this purpose mainly consist of state bodies, but include authorized insurers, certain hospitals, and institutions of higher education. The scheme applies to any payment of fees, except for fees falling under the PAYE system (*see* section 1.10.3.) or the relevant contract tax (RCT) scheme (*see* below). The tax withheld is creditable against the taxpayer’s final income tax liability.

Under the relevant contracts tax (RCT) scheme, contractors are obliged to withhold tax at 35% from payments made to subcontractors. The RCT applies to the following fields of industry: construction, meat processing, and forestry. A three-rate withholding system for RCT is in place, as follows:

- withholding at 0% for contractors holding a C2 certificate, with a good compliance record, having met their tax obligations for the previous 3 years. C2 certificates are issued by the Revenue, and authorize payments to be made gross;
- withholding at 20% for contractors who are registered for tax, and with a good compliance record; and
- withholding at 35% otherwise.

For withholding tax on payments to non-residents, *see* section 6.3.1.

1.10. *Administration*

Income tax and capital gains tax are administered by the Revenue Commissioners.

1.10.1. Taxable period

The tax year is the calendar year.

Trading income is usually assessed on the basis of the accounting period ending in the year of assessment. Other income and capital gains are assessed on the current-year basis.

1.10.2. Tax returns and assessment

All taxpayers who fall under the self-assessment must file tax returns for income and capital gains tax by 31 October in the year following the year of assessment to which they relate (section 959A of the TCA 1997). A tax return signed by an agent is, in practice, accepted by the Revenue. Electronic filing is possible through the Revenue On-Line Service (ROS). Rules are in place authorizing reduced frequency of filing for certain small businesses.

Late filing of an income tax return and accounts incurs a maximum penalty of 5% or 10% of the tax liability, depending on how late the return was filed, i.e. whether the return was filed late but within 2 months of the due date, or whether it was filed 2 months or more after the due date. In the first case, the maximum surcharge is EUR 12,695, and in the second, EUR 63,485. Restrictions on the availability of losses and excess capital allowances apply upon late filing of tax returns.

For taxpayers within the PAYE regime, a review of the tax liability is available.

An assessment or reassessment must be made within 6 years of the end of the tax year. If the taxpayer has not made a full and true disclosure in his tax return, there is no time limit.

If a tax return has not been filed, an estimated assessment may be made by the tax inspector. Such an assessment may also be made if the inspector is dissatisfied with the filed return or has received information suggesting that income has been omitted from the return. An inspector must send a written notice to the taxpayer if he decides not to make an assessment.

Spouses and civil partners have three choices as to how they are assessed to income tax (sections 1015-1027 of the TCA 1997):

- joint assessment, which aggregates the incomes of the spouses or partners and grants them twice the personal allowances and relief, and doubles the rate brackets applicable to a single person;
- separate assessment, which places on each spouse or partner the obligation to return his/her income and pay the separately assessed tax. The personal allowances and relief to which the spouses and partners are entitled and the total tax payable are the same as under joint assessment; and
- single person assessment, under which each spouse or partner returns his/her income and pays tax which is computed on the single-person basis.

The income of a child is assessed separately, i.e. not aggregated with the income of the parents, unless such income stems from money or property settled on the child by a parent.

1.10.3. Payment of tax

Tax is either collected by withholding, by self-assessment, or both. Self-assessment applies to any taxpayer chargeable to tax for the period in question, including taxpayers with investment income or rental income if the tax on that income cannot be recovered under the PAYE system. Directors are included even if they only have income that falls under PAYE.

Income tax on employment income is collected under the PAYE (pay-as-you-earn) system. The employer is responsible for the deduction of tax. A corresponding system is applied to the collection of social security contributions.

Otherwise, preliminary income tax, which must be at least 90% of the final tax payable, is due for payment by 31 October in the year of assessment (section 959AN and 959AO of the TCA 1997). Alternatively, the taxpayer may make a prepayment equal to 100% of the tax for the preceding year of assessment, or 105% of the tax for the year before that. There is no preliminary tax notice made by the inspector. The final balance of tax must be paid by the return filing date (section 959AO of the TCA 1997) (*see* section 1.10.2.). Interest is paid on repayment of any overpayment of tax.

For disposals made in 2009 and subsequent years, a preliminary payment of capital gains tax on account of disposals in the months of January to November must be made by 15 December. Preliminary tax on disposals in December must be made by the following 31 January.

The penalty regime for defaulters is severe, and except for cases where the defaulter has made a voluntary disclosure to the Revenue, his name and other particulars are made public, whether or not he is prosecuted.

1.10.4. Rulings

Revenue opinions are issued upon request where the circumstances are complex or a transaction is unusual and the existing information services do not provide the clarity required. The opinions are not legally binding; it is open to Revenue officials to review the position when a transaction is completed and all of the facts are known.

2. Other Taxes on Income

A Universal Social Charge (USC) applies to gross income from all sources, without taking into account most otherwise available deductions (section 531AM of the TCA 1997).

The USC rates for 2018 are as follows (section 531AN of the TCA 1997):

(a) Employees and directors (other than proprietary directors treated as self-employed):

Aggregate income (EUR)		*Main rate (%)*	*Reduced rate if aged over 70 or holding a medical card, and whose aggregate income for the year is EUR 60,000 or less (%)*
First	12,012	0.5	0.5
Next	7,360	2	2
Next	50,672	4.75	2
Over	70,044	8	n/a

(b) Self-employment individuals and other forms of income not subject to PAYE:

Aggregate income (EUR)		*Main rate (%)*	*Reduced rate if aged over 70 or holding a medical card, and whose aggregate income for the year is EUR 60,000 or less (%)*
First	12,012	1.0	1
Next	7,360	3	2
Next	50,672	4.75	2
Next	29,956	8	n/a
Over	100,000	11	n/a

No charge to USC applies in respect of an individual with gross income of less than EUR 13,000.

A surcharge of 3% applies to individuals who have non-PAYE income that exceeds EUR 100,000 in a year.

Special USC rules apply in certain circumstances to employees of certain banks that received financial aid from the Irish government. Performance-related bonuses are charged in their entirety to USC at 45% if the aggregate payment for the year exceeds EUR 20,000. Where the bonus payments do not exceed this amount, the normal USC rates apply.

Income that has already been subjected to DIRT (*see* section 1.5.), is exempt from the USC charge.

For employees, USC is collected under the PAYE system. For the self-employed, the self-assessment rules apply (*see* section 1.10.3.). USC is not deductible for income tax purposes.

3. Social Security Contributions

Social insurance contributions (pay-related social insurance, PRSI) are payable on all earned income by employed and self-employed persons aged up to 65 years (chapters 2 and 3 of the SWCA 2005). Contributions are also due on unearned income, i.e. investment and pension income in excess of EUR 3,174 per annum.

Employees earning EUR 352 or less per week are exempt from PRSI contributions. For the self-employed, the minimum PRSI contribution is EUR 500 per year.

The PRSI rate for both employed and self-employed individuals is 4%.

The PRSI is not deductible for income tax purposes.

For social security contributions payable by employers, *see* Corporate Taxation section 4.2.

4. Taxes on Capital

4.1. *Net wealth tax*

There is no net wealth tax.

4.2. *Real estate tax*

A local tax on the occupation of immovable property for non-residential purposes is payable by the occupier. The rate of this tax, known as “the rates”, is fixed every year by the local authorities as a multiple of the rateable value of the property. Tax paid in respect of property occupied for the purposes of a trade, business, profession or vocation is a deductible expense for income tax purposes.

4.2.1. Local property tax

See Corporate Taxation section 5.2.

5. Inheritance and Gift Taxes

5.1. *Taxable persons*

Inheritance or gift tax (capital acquisitions tax, CAT) is levied on the recipient of gifts, or on the successor of property passing on death (sections 4 and 9, respectively, of the CATCA 2003). Tax is imposed on each beneficiary’s share, and all such receipts by one person are aggregated for the purpose of determining the threshold and rates of tax for each taxable receipt. The person mainly responsible for the payment of the tax is the beneficiary. A self-assessment system applies with severe penalties for non-compliance.

5.2. *Taxable base*

CAT applies to gifts and inheritances where either the property is situated in Ireland or the disponer or the beneficiary is resident or ordinarily resident in Ireland on the date of the gift or succession. However, an individual who is not domiciled in Ireland cannot be treated as resident or ordinarily resident there, unless (1) the date of the gift or succession is 1 December 2004 or thereafter and (2) the individual was resident in Ireland for the 5 consecutive tax years preceding the year of the gift or succession. Gifts and inheritances of Irish assets remain fully taxable in all cases.

The taxable value is the market value on the date of the gift or succession (sections 26-30 of the CATCA 2003). Any debts or liabilities attaching to the gift or inheritance are deducted.

The value of business and agricultural property is reduced by 90%, but this reduction is clawed back if the asset is not held for 6 years. This relief is restricted to a beneficiary who actively farms the agricultural land or who leases the land on a long-term basis to an active farmer.

CAT is not levied on the following transfers (sections 69-88 of the CATCA 2003):

- any gifts and inheritances passing between spouses and civil partners;
- any gifts and inheritances to a charity;
- small gifts of a value up to EUR 1,270 per year;
- gifts and inheritances consisting of certain Irish government stock transferred to non-Irish domiciled beneficiaries, provided that the stock has been held for 15 years preceding the date of the gift or inheritance (6 years where the securities were acquired prior to 24 February 2003 and 3 years if acquired prior to 15 February 2001). The 3, 6 or 15-year requirement is lifted if the donor is neither domiciled nor ordinarily resident in Ireland;
- gifts and inheritances of qualifying collective investment undertakings where (a) either the disposer is non-Irish domiciled and not ordinarily resident or the proper

law of the disposal is not Irish law, or (b) the recipient is non-Irish domiciled and not ordinarily resident in Ireland;

- gifts and inheritances of life policies (excluding policies issued by domestic life companies prior to 1 January 2002); and
- capital redemption policies where neither the disposer nor the beneficiary is resident or domiciled in Ireland.

The proceeds of a qualifying life insurance policy taken out specifically to pay CAT on death are exempt to the extent that such policy proceeds are applied to the payment of the tax.

5.3. *Personal allowances*

CAT is charged on gifts and inheritances of a value over a certain threshold, determined by reference to the relationship of the recipient to the donor or deceased. These are known as Group Tax-free Thresholds. With effect from 12 October 2016, the thresholds are as follows (Schedule 2 of the CATCA 2003):

Category of recipient		*Amount (EUR)*
A:	child, foster child, parent, minor child of a deceased child, widow or widower of a deceased child	310,000
B:	lineal ascendant or descendant (other than Category A), brother, sister, nephew or niece	32,500
C:	others	16,250

5.4. *Rates*

CAT is levied at a single rate of 33%, which applies to any excess of accumulated gifts and inheritances over the relevant class threshold (Schedule 2 of the CATCA 2003) (*see* section 5.3.).

5.5. *Double taxation relief*

Unilaterally, double taxation is relieved by a tax credit in respect of foreign-situs property, provided that the foreign tax is of a similar character to the Irish tax (section 107 of the CATCA 2003).

Ireland has an inheritance and gift tax treaty in effect with the United Kingdom, and an inheritance tax treaty with the United States.

6. International Aspects

6.1. *Resident individuals*

For the concept of residence and domicile, *see* section 1.1. For inward expatriates and the remittance basis of taxation, *see* section 6.2.1.

6.1.1. Foreign income and capital gains

A taxpayer who is resident and domiciled in Ireland (*see* section 1.1.) is liable to tax on his worldwide income. A taxpayer who is either resident or ordinarily resident, in addition to being domiciled, is chargeable also on his worldwide capital gains.

In general, foreign-source employment income of Irish residents is fully taxable in Ireland. When relevant duties are performed in Ireland, the employment is treated as an Irish-source employment. Foreign pensions are subject to tax in the same way as Irish pensions. However, certain foreign pensions are exempt in Ireland if they would have been free of tax in the country of source.

Foreign-source investment income is taxable under the same rates as domestic investment income (*see* section 1.5.).

The activities of a trade or profession of an Irish resident individual are generally regarded as producing Irish-source income. However, where all activities are carried on outside Ireland, income derived from such activities is regarded as foreign-sourced. The computational rules for income from Irish trade or profession apply (*see* section 1.4.). Foreign rental losses may not be offset against other sources of income under Case III of Schedule D (i.e. any income from foreign sources). Such losses may, however, be set off against foreign rental profits (sections 71 and 72 of the TCA 1997).

Capital gains of certain non-resident companies arising from the disposal of assets in Ireland or elsewhere can be attributed to, and assessed on, an ultimate Irish resident individual (sections 579-579F and 590 of the TCA 1997). The provision applies only to companies which would have been close companies had they been resident in Ireland. This means that the company must be controlled by five or fewer participators or by participators who are also directors. A gain is attributed only to a resident individual with an interest of 5% or more in the company (related through a chain of any number of non-resident companies) in the non-resident company making the gain. Certain measures exist to ensure that there is no attribution to resident participators in certain circumstances.

6.1.2. Foreign capital

There is no net wealth tax.

Immovable property located abroad is not subject to real estate tax in Ireland.

6.1.3. Double taxation relief

Taxpayers may claim unilateral relief in the form of a deduction from foreign-source income or capital gains taxable in Ireland (sections 71, 826-828 and Schedule 24 of the TCA 1997). This relief does not apply to income or gains assessed on the remittance basis (*see* section 6.2.1.). Unilateral relief is granted for foreign income tax not covered by a tax treaty, or where a full credit for the tax cannot be obtained under a treaty.

Under Ireland's tax treaties, double taxation relief is granted by a credit for foreign tax. Under some of Ireland's tax treaties, double taxation relief is granted only for the amount of income remitted. Not all of the older treaties cover capital gains; pending their renegotiation, a unilateral credit for foreign tax on capital gains is available against Irish CGT.

6.2. *Expatriate individuals*

6.2.1. Inward expatriates

An individual who is domiciled abroad, while being resident in Ireland (*see* section 1.1.), is taxed on the remittance basis in respect of foreign income (section 71 of the TCA 1997). An individual who is domiciled abroad, while being resident or ordinarily resident in Ireland, is liable to tax on the remittance basis in respect of capital gains.

This means that only the funds representing foreign income or gains that are brought into Ireland are subject to tax. A salary for services performed in Ireland under a contract of employment with a non-resident employer is deemed to be from a foreign source if the salary is paid outside Ireland. Consequently, the remittance basis applies.

Capital gains subject to remittance basis taxation continue to be so in the event of a transfer of those gains to the spouse or civil partner of the individual who had claimed the remittance basis in the first place.

Under a Special Assignee Relief Programme (SARP), an employee assigned from abroad to work in Ireland is entitled to an income tax exemption on 30% of his salary of EUR 75,000 and higher (section 825C of the TCA 1997). The assignment period should be not less than 6 months or more than 5 years. There is no exemption from USC or social insurance. An employee who qualifies for the SARP is eligible throughout the period of his assignment. The intention was for the scheme to run for a 3-year period, set to end on 31 December 2014, but has, through various Finance Acts, been extended until 31 December 2020.

6.2.2. Outward expatriates

As mentioned in section 1.1., an individual ceases to be ordinarily resident only when he has been non-resident for 3 consecutive tax years. An individual who is ordinarily resident and domiciled but not resident, is taxable as if he were resident, i.e. on a worldwide basis, with the exception of profits of a trade or profession carried on outside Ireland and the income of an employment or office, provided that the work is carried on wholly outside Ireland. Also, there is an annual exemption for other foreign-source income up to EUR 3,810 (section 821 of the TCA 1997). However, if the total of other taxable income exceeds that threshold, tax is chargeable on the full amount.

A special relief applies to taxpayers who are resident in Ireland, but who commute to work abroad on a daily or weekly basis and who pay income tax on their foreign earnings abroad. The relief works by way of reducing the taxpayer's tax liability so as to effectively charge only Irish-source employment income and income from sources other than employment.

A foreign earnings deduction (FED) scheme applies to employees of companies expanding into emerging markets, and it allows an income tax exemption up to EUR 35,000 per annum. The FED applies where an employee spends at least 30 days (40 days before 1 January 2017) in a tax year developing markets for Ireland in these countries. The list of qualifying countries includes, among others, Brazil, China (People's Rep.), India, Russia and South Africa (section 823A of the TCA 1997). The scheme, originally intended to be in place until 31 December 2017, was further extended until 31 December 2020 by the Finance Act 2016.

Special rules apply for a disposal by an Irish domiciled individual (*see* section 1.1.), ceasing to be tax resident in Ireland, of a 5% or greater interest in the shares of an Irish or foreign company, or of an interest in such a company valued at over EUR 500,000, during a period of temporary non-residence lasting less than 5 complete tax years that does not result in a liability to Irish tax under current rules (section 29A of the TCA 1997). That individual will be deemed, for capital gains tax purposes, to have sold and reacquired the relevant asset on the last day of the tax year immediately preceding the year in which he ceased to be tax resident.

6.3. Non-resident individuals

For the concept of residence and domicile, *see* section 1.1.

6.3.1. Taxes on income and capital gains

Non-resident taxpayers are generally taxable on Irish-source income, including the profits of a trade or profession carried on in Ireland, and on capital gains on the disposal of certain specified Irish-situs assets (sections 18 and 29 of the TCA 1997).

The exercise of a trade or profession is taxable if it is exercised within Ireland, or if it consists of the sale of goods wholly or partly manufactured in Ireland. A distinction is traditionally made between trading with the country and trading within the country. Some emphasis is put on whether or not a contract of sale has been concluded in the state.

In general, the tax liability of a non-resident is computed in a manner similar to that of a resident. If they are liable to tax on employment income, tax is normally deducted at source under the PAYE system (*see* section 1.10.3.). For trading income, an attribution of a proportionate amount of the taxpayer's profits may be made where there are no separate accounts for the trade in Ireland.

In principle, non-residents are not entitled to personal allowances granted to resident individuals. However, an individual who is resident in an EU Member State and whose income taxed in Ireland is at least 75% of his total worldwide income is entitled to full personal allowances (section 1032 of the TCA 1997). In addition, non-resident Irish nationals, EU nationals and residents of some treaty countries (Cyprus, Japan, Norway, Pakistan, Switzerland and Zambia) are entitled to a fraction of the personal allowances. Where the fractional allowances apply, the numerator is the taxable Irish income and the denominator the worldwide (including non-taxable Irish) income. Whether or not the above-mentioned allowances for EU residents or the fractional allowances apply, the taxpayer is not entitled to married persons'/civil partners' allowances, nor to the doubling of the tax brackets for married persons and civil partners. However, by concession, the Irish tax liability may be reduced to the amount payable on the fictional basis that both spouses or civil partners were resident in Ireland and subject to Irish tax on their aggregate worldwide income (aggregation relief).

Irish-source earnings of entertainers and sportsmen are taxable, although such earnings are not subject to withholding tax. However, income derived by non-resident actors, who are resident outside the EEA and who are engaged by companies qualifying for the film relief (*see* Corporate Taxation section 1.7.4.), is subject to 20% withholding tax.

Payments of dividends to non-residents are subject to withholding tax at the 20% standard rate of income tax (section 172A-172D of the TCA 1997). However, residents of an EU Member State or a treaty country are exempt from withholding tax and also from any further tax liability in respect of the dividends. Such a shareholder must either apply for an exemption at source or for a repayment of the tax withheld. This exemption, however, does not apply to property income dividends (PID) paid by Real Estate Investment Trusts (REITs) (*see* Corporate Taxation section 1.7.3.). For other taxpayers, the withholding tax is final.

Interest paid to non-residents is generally subject to withholding tax at the 20% standard rate of income tax (sections 246 and 256 of the TCA 1997), unless a reduced rate applies under a tax treaty. The tax withheld is creditable against the taxpayer's final income tax liability. Non-residents, even those remaining ordinarily resident, may claim an exemption from deposit interest retention tax (DIRT, *see* section 1.5.). Also, Eurobond interest payments made by a company to a resident of another EU Member

State or a tax treaty country is exempt from any residual income tax liability. The exemption also applies to interest payments on certain wholesale debt instruments. There is also an exemption in respect of discounts on securities issued in the course of a trade or business by a company or investment undertaking where the person receiving the discount is a tax resident of another EU Member State, or of a tax treaty country.

Non-resident individuals are not liable to withholding tax or income tax on interest from government securities.

Patent royalties paid to non-residents are subject to withholding tax at the 20% standard rate of income tax (sections 24 and 238 of the TCA 1997), unless a reduced rate applies under a tax treaty. The tax withheld is creditable against the taxpayer's final income tax liability. There is no withholding tax on any other royalties.

Property rents paid to non-residents are also subject to withholding tax at the 20% standard rate of income tax. The tax withheld is creditable against the taxpayer's final income tax liability.

For rates applying to dividends, interest and royalties under tax treaties, *see* Corporate Taxation section 6.3.5.

Non-residents are taxable on capital gains on the disposal of certain specified Irish assets, including (section 980 of the TCA 1997):

(1) land in Ireland;

(2) minerals in Ireland or any rights, interests or assets in relation to mining or minerals or the searching for minerals;

(3) exploration or exploitation rights in a designated area on the continental shelf;

(4) unquoted shares deriving their value, or the greater part of their value from (1), (2) or (3);

(5) assets situated in Ireland which were used for the purposes of a trade carried on in Ireland through a branch or agency; and

(6) goodwill of a trade carried on in Ireland.

The purchaser of the types of asset mentioned in (1), (2), (3) or (4) is obliged to withhold tax at a rate of 15% levied on the purchase price paid to the non-resident in excess of EUR 500,000.

6.3.2. Taxes on capital

There is no net wealth tax.

As regards immovable property, non-residents are subject to rates (*see* section 5.2.) in respect of their non-residential property located in Ireland.

6.3.3. Inheritance and gift taxes

See section 5.

6.3.4. Administration

Non-resident taxpayers with employment income from Irish employers are within the scope of the PAYE system. Self-assessment (*see* section 1.10.3.) applies for other non-resident taxpayers.

KEY FEATURES

Last reviewed:**7 February 2018**

A. General information	
Sources of tax law	Taxes Consolidation Act 1997 (TCA 1997)
Main types of business entities	Public limited company (PLC) Private limited company (PLC)
Accounting principles	IFRS/Irish GAAP
Currency	Euro (EUR)
Foreign exchange control	No
Official websites	Irish Tax and Customs http://www.revenue.ie/en/index.html Ministry of Finance http://www.finance.gov.ie/ Parliament http://www.oireachtas.ie/parliament/ Irish State Gazette http://www.irisoifigiuil.ie/ Budget Website http://www.gov.ie/services/budget/
B. Direct taxation: Companies	
1. Resident companies	
Residence	In general, any company incorporated in Ireland is deemed to be a resident for tax purposes (exceptions apply)
Tax base	Worldwide
Corporate tax rates	12.5% for trading income 25% for non-trading income and excepted trades Various other rates apply for specific activities/industries 15% surcharge on 50% of after-tax professional service income 20% surcharge on undistributed after-tax income of a close company
Alternative minimum tax	No
Capital gains	Subject to corporation tax but taxed at the capital gains tax rate of 33% (20% for gains up to EUR 1 million) Participation exemption available 40% for substantial shareholdings in offshore funds
Loss carry-forward	Trading losses can be carried forward for an indefinite period of time Additional conditions apply depending on the type of trade carried out
Loss carry-back	1 year (further rules apply depending on the type of trade carried on) 3 years for losses incurred in the final year of trading
Unilateral double taxation relief	Yes, ordinary foreign tax credit or deduction method
2. Non-resident companies	
Corporate tax rates	12.5%

Capital gains on sale of shares in resident companies	Generally not taxable
Capital gains on sale of immovable property	15% withholding tax applies to gross proceeds on the sale of immovable property where the total sale amount exceeds EUR 500,000
Withholding tax rates	
Branch profits	No
Dividends	20% 0% for qualifying EU companies (Parent-Subsidiary Directive)
Interest	20% 0% for certain Eurobonds, pension schemes and bank deposits 0% for associated EU/Swiss companies (Interest and Royalties Directive)
Royalties	20% on patents only 0% on patent royalties for associated EU/Swiss companies (Interest and Royalties Directive)
Fees (technical)	0%
Fees (management)	0%
3. Specific issues	
Participation relief	Domestic dividends are generally exempt, foreign dividends are taxed Capital gains, domestic and foreign, are exempt subject to conditions (e.g. the shareholding is at least 5% and held for at least 12 months)
Group treatment	Yes (partial)
Incentives	Accelerated depreciation R&D tax credits Tonnage regime Real estate investment trusts (REITs) regime Film relief
Anti-avoidance	
Transfer pricing legislation	Yes
Thin capitalization legislation	No
Controlled foreign company legislation	No
General anti-avoidance rule (GAAR)	Yes
Other anti-avoidance legislation	Yes

C. Direct taxation: Individuals	
1. Resident individuals	
Residence	An individual is resident if he is present in Ireland: - for 183 days or more during a tax year; or - for 280 days or more during a tax year and the previous year An individual is ordinarily resident if he was present in Ireland for 3 consecutive previous tax years
Taxable income	Worldwide
Income tax rates	Progressive Top rate 40% (over EUR 34,550) 0.5%-11% Universal Social Charge applies
Alternative minimum tax	No
Capital gains	33% (20% for gains up to EUR 1 million realized by entrepreneurs) 40% on disposal of certain offshore life assurance policies and investment products
Unilateral double taxation relief	Yes, ordinary foreign tax credit or deduction method
Social security contributions	Pay-related social insurance (PRSI) contributions of 4% paid by employees and self-employed
2. Non-resident individuals	
Income tax rates	Progressive Top rate 40% (over EUR 34,550)
Capital gains on sale of shares in resident companies	Generally not taxable
Capital gains on sale of immovable property	15% withholding tax applies to gross proceeds on the sale of land, where the total sale amount exceeds EUR 500,000
Withholding tax rates	
Employment income	Regular wage withholding applies
Dividends	20% 0% for residents of EU Member States (except REITs)
Interest	20% 0% for certain Eurobonds, government securities and bank deposits)
Royalties	20% on patents only
Fees (technical)	0%
Fees (directors)	0%
D. Indirect taxation: Value added tax (VAT)/Goods and services tax (GST)	
Taxable events	Supply of goods, supply of services, importation, intra-Community acquisitions
VAT/GST (standard)	23%
VAT/GST (reduced)	0%, 4.8%, 5.4%, 9%, 13.5%
VAT/GST (increased)	No
Registration/deregistration threshold	EUR 37,500 for supplies of services EUR 75,000 for supplies of goods
VAT group	Yes

E. Other taxes	
Inheritance and gift taxes	Yes
Net wealth tax (individual)	No
Net wealth tax (corporate)	No
Real estate taxes	Yes
Capital duty	No
Transfer tax	Yes
Stamp duty	Yes
Excise duties	Yes
Other main taxes	Electricity tax Carbon tax Levy on life insurance premiums Air travel tax

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