Doing Business in the Republic of Ireland

Expert knowledge means success

Contents

Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

Introduction

If you are thinking of starting a business there are a number of issues you need to consider. Different supports and regulations apply, depending on your particular situation. You may be employed, unemployed or someone who is coming from outside Ireland to set up a business. This publication highlights some of the important information you need to know. Links to relevant topics are provided throughout.

Where the word 'Ireland' is used in this publication, it is to be taken to mean the 'Republic of Ireland'.

The appeal of Ireland as an investment location can be attributed to the positive approach of successive Irish governments to the development of inward investment, its membership of the European Union (EU), a favourable corporate tax rate and a skilled and flexible labour pool.

The island of Ireland was partitioned in 1921[1]. In 1801, the kingdoms of Ireland and Great Britain merged to form the United Kingdom of Great Britain and Ireland. The majority of the island seceded the United Kingdom in 1922 following a guerrilla war. The Anglo-Irish Treaty concluded this war and established the Irish Free State as a self-governing dominion within the British Commonwealth. Northern Ireland chose to remain as part of the United Kingdom. The independent state increased in sovereignty through the 1931 Statute of Westminster and the abdication crisis of 1936. A new constitution introduced in 1937 declared it a sovereign state named Ireland (Éire). The Republic of Ireland Act proclaimed Ireland a republic in 1949 by removing the remaining duties of the monarch. Ireland consequently withdrew from the British Commonwealth. Ireland is traditionally divided into four provinces: Munster, Leinster, Connacht and Ulster. It has been a member of the European Union since 1973, is represented in the European Parliament and has adopted the Euro as its currency.

Doing Business in Ireland

Ireland has succeeded in attracting some of the world's largest companies to establish operations there. The list of multinationals operating in Ireland includes some of the largest companies in the worldwide technology, pharmaceutical, biosciences, manufacturing and financial services industries. There are a number of key reasons for this:

- Ireland's low corporate tax rate – corporation tax on trading profits is 12.5 per cent which does not breach EU or OECD harmful tax competition criteria;
- Regulatory, economic and people infrastructure of a highly developed OECD jurisdiction;
- Benefits of EU membership and of being an English–speaking jurisdiction in the euro-zone;
- As a common law jurisdiction, our legal system is similar to that of the US and the UK;
- Provision of a specific tax credit for research and development activity;
- Very limited transfer pricing rules; and
- An extensive and expanding double tax treaty network with close to 50 countries, including the UK and the US.

Other attractions of Ireland to UK exporters include:

- An open economy, used to imports;
- English language;
- Same time zone as the UK;
- Low-cost regular flights from all over the UK to international airports: Dublin, Cork, Shannon and Knock. Also UK flights to regional airports: Kerry, Galway and Waterford;
- Ideal starter or test export market;
- Similar regulatory and legal framework to the UK - the regulatory bodies in Ireland are The Financial Regulator and The Irish Stock Exchange;
- Ireland is the UK's 4th largest export market in Europe (5th worldwide);
- 3.8million British tourists visit Ireland every year and there are nearly 300,000 UK nationals resident in Ireland.

The Commercial Agents Directive

If you use the Agent route to do business in Ireland, you should familiarise yourself with the Commercial Agents Directive. The EC (Commercial Agents) Directive, as implemented by the European Communities (Commercial Agents) Regulations 1993, seeks to protect the position of a commercial agent. You are strongly advised to take professional advice on the Irish legal system's treatment of agency agreements especially in relation to a commercial agent's compensation for damage on termination of the agency contract.

Routes to Market

Agent or Commission Agent: The agent is your representative in the Irish market and will operate on a commission basis. The agent sells your product and forwards orders to you and you deliver the products. You invoice the customer directly. Prices quoted to customers should include the agent's commission charges. Typically, the commission charge is 10% but it can vary from 2.5% to 15%. You normally pay your agent after the customer has paid you. You will have to invoice each customer so getting paid is not so straightforward.

Importer and/or a Distributor: The main difference between this route and using an agent is that the importer or distributor actually buys the goods from you and sells them on at a price that includes a mark-up. The usual mark-up is approximately 33%.

Direct Sales: In this case, you supply your customers directly from your facility. If you use this route, you should consider setting up a separate Irish website (e.g. with an ".i.e. suffix) to promote and sell your products.

Partnership/Joint Venture: There are a number of permutations and types of partnerships and JVs and you should seek professional advice before entering into any agreements. One major advantage of a JV is that it gives you a presence of some form in Ireland. Where the businesses are in different countries, it might be best to establish a JV company which provides wider and better control. The partnership options are a Limited Liability Partnership (LLP) or a General Partnership. Another option is a co-operation Agreement. These are perhaps most suitable where each entity contributes separately to the same project, for example, acting as independent contractors. These agreements are sometimes used when, for example, tendering for construction projects.

Foreign nationals

Nationals of the European Economic Area (EEA) or Switzerland do not need permission to set up a business in Ireland. In general non-EEA nationals must get permission from the Minister for Justice and Law Reform in order to set up a business in Ireland. There are also a number of other steps required if you wish to go to Ireland to set up a business. The following links provide useful information:

- European Economic Area (EEA) or Switzerland: www.citizensinformation.ie/en/moving_country/moving_to_ireland/rights_of_residence_in_ireland/residence_rights_eu_national.html
- Permission from the Minister for Justice and Law Reform in order to set up a business in Ireland: www.inis.gov.ie/en/INIS/pages/WP09000012
- Come to Ireland to set up a business: www.citizensinformation.ie/en/employment/types_of_employment/self_employment/coming_to_set_up_a_business_in_ireland.html

Business Structures

The type of business structure you choose depends on the kind of business you are running, with whom you will be doing business and your attitude to risk. It is advisable to get the advice of a solicitor or accountant when considering the structure for your business.

Certain private limited companies are exempt from the requirement to have their financial statements audited. To qualify for the exemption the company must meet the following criteria (for both the current and previous accounting year):

- Turnover less than €7.3m a year;
- Balance sheet gross assets of less than €3.65m; and
- An average number of employees below 50.

The financial statements of most Irish companies may be prepared in accordance with either International Financial Reporting Standards (IFRS), or with accounting standards generally accepted in Ireland (GAAP).

Sole Trader

It is relatively simple to set up as a sole trader but if your business fails, your personal assets could be used to pay your creditors. Your main legal obligation is that you must register as a self-employed person with the Revenue Commissioners. If you wish to use a business name, you must register your business name with the Companies Registration Office. More information on registering your business name is available at: www.cro.ie/en/business-registration-business-name.aspx

Partnership

A Partnership is where two or more people agree to run a business together. The partnership agreement should usually be drawn up by a professional. The partners are jointly responsible for running the business and if it fails all partners are jointly responsible for the debt.

Most Partnerships are general partnerships. For information on Limited Partnerships, see below.

Limited Company

If you set up your business as a limited company, the business is a separate legal entity to its owners. If the company gets into debt, the creditors generally only have a claim on the assets of the company. The company must be registered with the Companies Registration Office (CRO) and the company reports and accounts must be filed at the CRO each year. www.cro.ie/

The financial year-end is at the discretion of the company and can be changed at any time by a directors' resolution. No formal notification is required to the CRO.

Limited Partnership

The Limited Partnership Act 1907 facilitates the creation of a partnership in which some members have limited liability for the debts of the firm. Their liability is limited to the extent of their contribution. As with a general partnership, a limited partnership is not a separate legal entity.

A limited partnership must consist of at least one general partner and one limited partner. The partnership should not consist of more than 20 persons or, if carrying on the business of banking, of more than 10 persons. The general partner(s) is/are liable for all the debts and obligations of the firm. The limited partners contribute a stated amount of capital and are not liable for the debts of the partnership beyond the amount contributed.

Incorporation procedures

To apply for incorporation, Directors and Members (shareholders) of the company should submit the following documents to the Irish Companies Registration Office:

- Memorandum and Articles of Association; and
- Form A1.

Requirements for Memorandum and Articles of Association

- The form of the Memorandum is set out in Table B of the Companies Act 1963, and it must be divided into paragraphs and numbered consecutively. Photocopies are not acceptable;
- All subscribers must sign the Memorandum and Articles and their addresses/occupations must be stated;
- The documents should be dated and signatures of the shareholders must be witnessed;
- Each subscriber must write opposite his name the number of shares that he will take (information about the shares takes is not required in the Articles of Association).

Requirement for Form A1

- Form A1 (Declaration of Compliance) must be completed by either (a) a solicitor engaged in the formation of the company or (b) a person named as Director or Secretary of the company;
- The Companies Capital Duty Statement must be completed and signed;
- Particulars of the Directors and Secretary must be provided in full (full names and home addresses).

Requirements for Company Name

The name of the company should end with "Limited" or "Teoranta", but these words may be excluded from the name of the company if the object of the company will be the promotion of commerce, art, science, education, religion, or charity.

A limited partnership must be registered with the CRO and in accordance with the 1907 Act; otherwise the partnership is a general partnership.

There is more information about these different structures on the CRO website. You can register your business name and file company returns online with the CRO using CORE (Companies Online Registration Environment).
www.cro.ie/ena/business-registration-company.aspx

Branches
A branch is a division of a company from a jurisdiction outside of Ireland but trading in it. Characteristics of branches include the appearance of permanency, a separate management structure, the ability to negotiate contracts with third parties and having a reasonable degree of financial independence.

Foreign companies undertaking business in Ireland from a fixed place of business but which are not a branch, must file at the CRO a copy of the parent company's constitution together with a list of the directors and their particulars.

Government Incentives

City and County Enterprise Boards provide supports including grants to local businesses that are starting up or in development. You can find information about training and financial supports on their website.
www.enterpriseboards.ie/index.aspx

Financial assistance

The Irish government actively encourages overseas companies to choose Ireland as a European base. Part of the incentive package offered can be the availability of state financial assistance, in the form of grant assistance, to defray start-up or other costs.

In October 2006, the European Commission (Commission) approved a revised "Regional Aid Map" for Ireland, as part of a wider review of regional aid across the enlarged EU. The Regional Aid Map defines the regions of an EU Member State which are eligible for regional investment aid (that is, aid based on the geographic location of the project) and establishes the maximum permitted levels of aid in such regions. Under the new Regional Aid Map, the Irish regions which continue to be eligible for regional State aid are the Border, Midland and Western region, the South East, certain small islands, the counties of Clare, Limerick, North Tipperary and Kerry and certain parts of Cork. From the beginning of 2009, however Clare, Limerick, North Tipperary, Kerry and Cork are eligible for regional aid to small and medium sized enterprises (SMEs) only.

Prior to the 2006 review of Regional Aid Map, all areas in Ireland were entitled to some form of regional investment aid. Going forward, businesses in Dublin and much of Mid Eastern Ireland, which are no longer entitled to regional aid, may still be entitled to other forms of aid including aid for research, development and innovation (R&D&I), training, environmental protection or aid to SMEs, where the conditions laid down by the Commission for such categories of aid are met.

The Investment and Development Agency (IDA) and Shannon Development are the primary grant-awarding bodies to foreign inward investors. The IDA is the primary state-sponsored agency with responsibility for the promotion and development of foreign investment into Ireland. Shannon Development grants are confined to projects in the Shannon region. A third body, Údarás na Gaeltachta, is responsible for encouraging investment in the Irish (Gaelic) speaking areas of Ireland. A variety of grants is available and can be specifically tailored to meet the needs of each company. Cash grants do not have to be repaid in certain agreed circumstances. Each proposed investment is assessed by the relevant grant authority against a number of criteria. The level of grant payable is generally determined through negotiation.

In the case of regional aid, aid may be given in the form of capital grants for the acquisition of fixed assets (that is, site purchase and development, buildings and new plant and equipment). In certain cases, aid may also be available for the acquisition of intangible assets such as patent rights, licences and know-how. The subsequent disposal of grant-aided assets is invariably restricted by agreement. Alternatively, regional aid may also be granted in the form of employment grants which are linked to the amount of each full-time and permanent job created and will vary depending on the

New Companies Bill in Ireland

The new Companies Consolidation and Reform Bill, otherwise known as "Pillar A" was announced in early June 2011. When signed into law (expected to be late 2012 or early 2013) it will dramatically alter the landscape of company law in Ireland. Pillar A of the Bill will make important changes which will make it easier and more cost-effective to register and operate a company. The draft legislation published contains all provisions relevant to the private company limited by shares, which under the Bill will be known as "CLS" instead of "ltd", and which accounts for over 90% of companies presently registered in Ireland.

This proposed new company type will now be put at the centre of Irish company law, and important reforms will be made to the way this company type operates:

- A CLS will be allowed to have only one director;
- A CLS will only be required to have one document in its company constitution, and the Act provides for a default document to apply in all cases except where the company changes this constitution;
- A CLS will have the same legal capacity as a natural person, reducing the necessity to prepare long company constitutions, and reducing legal disputes caused by the ultra vires doctrine;
- A CLS will no longer be required to have a "physical" AGM;
- Other changes will include an exhaustive listing of the duties of directors and of all criminal offences under company law.

The section of the bill known as "Pillar B" which will cover PLCs, Companies Limited by Guarantee, re-registrations, foreign companies, investment companies, etc. is still being finalised and is expected to be published in late 2012. A copy of the Bill can be found at: www.deti.ie/companiesbill location of the project and the activities to be undertaken.

In areas no longer eligible for regional aid, certain companies may be eligible to apply for grants towards the cost of major training initiatives, the development and expansion of an R&D facility, or "innovation" projects such as aid to new innovative enterprises or innovation in services. Companies can also apply for aid for environmental protection initiatives and aid to support certain risk capital investments.

What is the application procedure for IDA grants?

The process can take a number of weeks and involves the preparation and submission of a formal business plan to the IDA, together with subsequent meetings and negotiations between the applicant and the IDA. In order to be considered for grant incentives, an applicant must satisfy the IDA that the financial assistance is necessary to ensure the establishment or development of the operation and that the investment proposed is commercially viable and will provide new employment.

If the application is approved and an incentive package is agreed, a grant agreement is then entered into between the IDA, the Irish entity and/or its promoter/parent company. This contract sets out the terms on which the grant aid is given and will vary from case to case. However, the following key provisions are reasonably standard:

- a commitment by the promoter (typically the parent company) that the development of the operation will be in accordance with the proposals submitted, including the projected number and type of jobs to be created;
- the agreement will specify the financing required from the promoter and the manner in which it is to be provided. The IDA will nearly always require that the amount of the grant aid received is matched by an equal amount of equity investment by the promoter. The IDA's preference is that this matching equity equivalent be in the form of ordinary share capital or common stock and the IDA insist that at least 25 per cent of the equity equivalent comprises share capital or paid up stock;
- a prohibition on a change of control of the parent company or Irish entity without IDA consent; and
- provision for the repayment of the grants if the Irish project fails to achieve employment targets, ceases to carry on business or if there is a breach of the terms of the grant agreement. Current IDA policy extends the contingent obligation to repay the grant for a period of five years from the date of the last grant payment.

Once approved for IDA grant aid, how and when is it paid?

Grants are paid once the relevant expenditure is incurred. When a claim for a grant payment is received by the IDA, it is assigned to a designated executive in their grants administration department who liaises with the client company to make sure that the grant is paid as quickly and efficiently as possible. In order to claim grants, the company is usually obliged to provide certain specified information to the IDA including, for example, copies of signed employment contracts confirming the appointment of full-time permanent staff for the payment of employment grants. An auditors' certificate is also usually required to support all claims for the payment of grants. It is therefore important for the company to maintain adequate records to facilitate this process.

Local regulations

What issues arise for individuals employed in Ireland?

The tax treatment of an individual for Irish tax purposes will depend on whether they are Irish resident, ordinarily resident and/or Irish domiciled. Where an individual is resident, ordinarily resident and domiciled in Ireland, they will be taxable on their worldwide income and gains, regardless of their source.

If a person is resident and ordinarily resident but not domiciled, then liability to income tax is limited to Irish source income, income from an employment contract in respect of which the duties of such employment are exercised in Ireland and worldwide income to the extent remitted to Ireland. Similarly, if a person is resident but not ordinarily resident and not domiciled, then liability to income tax is limited to Irish source income, income from an employment contract in respect of which the duties of such employment are exercised in Ireland and worldwide income to the extent remitted to Ireland. The liability of a person who is either resident or ordinarily resident, but not domiciled, in Ireland to capital gains tax is limited to Irish source gains and worldwide gains to the extent remitted to Ireland.

The Irish rules have been amended such that for the tax year from 1 January 2009 a person will be resident for the day if they are present in Ireland at any time during a day whereas previously a person was only treated as resident in Ireland for a day if he/she was present in Ireland at midnight. In an ongoing 32 situation, it will be possible for an individual to spend up to 139 days in Ireland in a tax year without becoming Irish resident.

Every individual is born with a domicile of origin. It is possible for a person to lose their domicile of origin and acquire a domicile of choice. Likewise it is possible for an individual to lose their domicile of choice and revive their domicile of origin. Domicile is an important concept under Irish law as it is relevant not only for tax purposes but also for determining the rules of succession.

Economy

The currency of Ireland is the euro (Ireland and Malta are the only English speaking members of the eurozone). Economic growth rates have in recent years been consistently among the highest of OECD countries. Government policy has been directed towards the creation of a stable economic environment that is supportive of the needs of business. Over the last 10 years, the number employed in industry and services has increased steadily and expansion has been particularly rapid in the areas of computer software/hardware, electronic engineering, food, pharmaceutical, healthcare and consumer products.

Population

Based on a preliminary report prepared following completion of the 2006 nationwide census, the population of Ireland now exceeds 4.2 million people with the greatest concentration being on the east and south coasts. Overall population density is 55 persons per km^2, which is markedly lower than the European average. Currently, it is estimated that 40% of the Irish population is under the age of 25. This compares with the European average of approximately 28%. Dublin is the capital city and has a population of 1.2 million and nearly 50% of the country's population live within 100km of Dublin. The other main cities are Cork (120,000), Galway (72,000), Limerick (53, 000) and Waterford (45,000). 33% of the population is over the age of 45 and approximately 35% is under 25. Of the nearly 300,000 UK nationals residing in Ireland 43% are between the ages of 25 and 44.

The 2006 census found that 86.8% of the population were Roman Catholic, 3% Church of Ireland and with a small percentage Presbyterian, Jewish, Methodist, other religions or not having a religion.

The 2009 estimated birth rate in Ireland was 14.23 births/1,000 of population, which gives roughly 60,000 births per annum. The population density is 60 persons per km^2.

English is the predominant language in Ireland notwithstanding the fact that the Constitution recognises Irish (Gaelic), as the first official language.

Geography

The Republic of Ireland, sometimes known by its Irish name of Eire, forms with the United Kingdom part of a group of islands situated at the continental shelf off the north-west coast of Europe. Politically, the Republic of Ireland consists of 26 of the counties of the island of Ireland. The remaining six counties in the north east form Northern Ireland, which is part of the United Kingdom of Great Britain and Northern Ireland. The total area of the island is 84 421km^2 of which Northern Ireland comprises 14,139 km^2. The capital of Ireland is Dublin (*Baile Átha Cliath*), with a population of 920,956. Other major cities are Cork (173,694) and Limerick (76,557).

Source: Lonely Planet

Climate

The climate is relatively mild and temperatures are uniform throughout the country. The coldest months are January and February with average daily temperatures between 4°C and 7°C while July and August are the warmest (16° C to 19°C).

Government Structure

The Republic of Ireland is a parliamentary democracy that obtained its independence from the then United Kingdom of Great Britain and Ireland in 1922 as the Irish Free State. It became a republic in 1948 adopting its constitution in 1937 by a referendum. The President (*an tUachtarán*) is the Head of State and is elected by adult suffrage for a period of seven years with a right to re-election for a second term. The current incumbent, H.E. Mary McAleese, is serving her second term.

The supreme legislative authority is the *Oireachtas* (parliament) consisting of two houses, the *Seanad* (Senate) with very limited powers, and *Dáil Éireann* consisting of Members of Parliament elected by adult suffrage. The government is formed by a coalition between the Fianna Fáil and Progressive Democrat parties, and is presided over by the Prime Minister (*an Taoiseach*), Bertie Ahern TD, of the Fianna Fáil party. The political environment is stable and has over recent decades been dominated by parties of a centre or a centre-right persuasion. Ireland has been a member of the European Union (EU) since 1973 and is also a member of most major international organisations. It retains a neutral stance on military matters.

Irish law is based on common law as modified by subsequent legislation and by the Constitution. In accordance with the Constitution, justice is administered in public in courts established by law. Judges are appointed by the president on the advice of the Government. Judges have guaranteed independence in the exercise of their functions and can only be removed from office by resolution of both houses of parliament. All courts are governed by the jury system other than the Special Criminal Courts and the Supreme Court, where decisions are made by judges.

Business Structures

Limited Liability Company

Essentially there are two basic types of company in Ireland, private companies and public companies. The vast majority of companies registered in Ireland are private companies limited by shares and they are by far the most popular form of business entity for inward investment projects. The shareholders of a private limited company have limited liability. The other principal form of company is a public limited company, which is typically used where securities are listed or offered to the public.

The recently introduced European Company or *Societas Europea* (“SE”) is treated as a public company under Irish law but is not yet widely used in the EU.

Public Companies

Similar to the UK, only a public limited company in Ireland can offer shares to the public whether as general public offering or as listing on a stock exchange. As for private limited companies, the Memorandum and Articles of Association set out the guidelines for management of the company. There is no upper limit on the level of the issued share capital, but a minimum of €38,092 of share capital must be issued, of which 25% must be paid up.

General and Limited Partnership

Almost any form of business may be carried on in the Republic of Ireland by a partnership. A partnership is an association of persons wishing to carry out a business in common, normally sharing both management and profits. Most partnerships, other than those of accountants and solicitors, are limited to 20 members. There is no requirement that all or any of the partners be Irish nationals and a body corporate may be a partner.

In general, the partners are not only jointly liable to the creditors of the partnership for the debts of the firm but each partner is also personally liable for all the debts of the firm not satisfied by the partnership assets. Unless otherwise agreed, in writing, partners share equally in profits and losses. The rights and obligations of partners are governed by a partnership agreement and by the Partnership Act of 1890.

It is also possible to establish what is known as a limited partnership, which is governed by the Limited Partnership Act of 1907. Such a partnership is comprised of at least one general partner (who has unlimited liability) and one or more limited partners. Limited partners are liable for partnership obligations only to the extent of cash and property they contribute. Whilst general partnerships are not obliged to file their accounts with the regulatory bodies, a limited partnership will be obliged to file its accounts for public record with the Companies Office if the general partner in the partnership is a limited company.

Joint Venture

There are a number of permutations and types of partnerships/ Joint Ventures and you should seek legal advice before entering into any agreements. A Joint Venture (JV) is sometimes a good option where your company has not got the capacity to fully meet the demands and/or requirements on your own. One major advantage is that a Joint Venture gives you a presence of some form in Ireland.

If you choose the Joint Venture route, you need to think carefully about the structure. Where the businesses are in different countries, it might be best to establish a Joint Venture company which provides wider and better control.

The partnership options are a Limited Liability Partnership (LLP) or a Standard Partnership. These are not common routes.

Holding Company

Ireland offers an attractive tax regime for holding companies. The two main features of this regime are (a) a 'substantial shareholders' exemption from Irish tax on the sale of subsidiaries, and (b) an advantageous treatment of foreign dividend income.

Exemption from Irish Tax on Sale of Subsidiaries - Ireland's 'substantial shareholders' exemption relieves holding companies from Irish capital gains taxation on disposals of subsidiaries. Two main conditions apply; (a) the subsidiaries must be resident in the EU or in a country with which Ireland has a tax treaty, and (b) a minimum 5 per cent shareholding must have been held for a continuous period of at least 12 months within the previous 24 months.

Advantageous Treatment of Foreign Dividend Income - Generally, Irish holding companies can receive dividends from their foreign subsidiaries on an effective Irish tax-free basis (or with a very low effective rate of Irish tax). This is due to a combination of Ireland's low corporation tax rate and the availability of Irish credit relief for foreign taxes. The 12.5 per cent corporation tax rate applies to dividend income received by an Irish company from its foreign subsidiaries once (a) the subsidiaries are tax resident in the EU or in a tax treaty country and (b) those dividends are paid out of 'trading' profits of the foreign subsidiaries. If the dividends are partially paid out of non-trading profits, then the 12.5 per cent still applies once (broadly speaking) at least 75 per cent of the profits are trading profits. A higher rate of 25 per cent applies to other dividend income (e.g. from a subsidiary not resident in a tax treaty country).

However, foreign withholding taxes and (once a 5 per cent shareholding is held) foreign underlying taxes may be credited (or set off) against this Irish tax liability.

Onshore dividend mixing is also permitted so that excess tax credits can be pooled against other dividend income. Usually, sufficient foreign taxes are payable to fully offset the 12.5 per cent (or, as the case may be, the 25 per cent) Irish tax due. Where this is the case, no Irish tax is payable on such dividend income.

Taxation

The following is intended to provide a brief outline of tax issues. You should always take professional advice on these matters to determine the correct position according to your own personal circumstances.

VAT

VAT operates as a turnover tax on all relevant supplies up to a point of final consumption or deemed consumption.

This means that a taxable business must account for relevant VAT liabilities in respect of its Irish based taxable turnover but has the right to claim a deduction for VAT incurred on its own purchases, acquisitions and importations in respect of which Irish VAT is borne.

Ireland's VAT regime is dictated by EU legislation with the result that Ireland's VAT

Mandatory e-filing of tax returns for Companies

From 1 June 2011, it is compulsory for certain categories of taxpayers to pay and file returns electronically with the Revenue Commissioners. The requirement to e-file affects:

- All companies;
- All trusts;
- All partnerships;
- Self-employed individuals filing a return of payments to third parties (Form 46G);
- Self-employed individuals subject to the high earners restriction (Form RR1, Form11);
- Self-employed individuals benefiting from or acquiring Foreign Life Policies, Offshore Funds or other Offshore Products.
- Self-employed individuals claiming a range of property based incentives (Residential Property and Industrial Buildings Allowances);
- All Stamp Duty returns & payments due on or after 1 June 2011

There is a list of specified returns & payments which must be e-filed via ROS (Revenue online Service) on the Revenue website www.revenue.ie/en/online/ros/mandatory-e-filing.html

It should be noted that even if a return is not included on the list, if it is possible to pay & file via ROS, then the return must be filed electronically.

system is broadly in line with the pan-European harmonised system. The current rates of VAT are zero per cent, 4.8 per cent, 5.2 per cent, 9 per cent, 13.5 per cent and 21 per cent. The standard rate of 21 per cent is applicable unless one of the other rates is specified.

In general, VAT is applicable to all imports of goods from outside of the EU and to the supply of goods and services within Ireland. Goods exported to businesses situate elsewhere in the European Community and to businesses or individuals situate outside the European Community will generally attract the zero per cent rate of VAT. Many categories of services supplied to customers located outside of Ireland may not be chargeable to Irish VAT as the place of supply may be deemed to be outside of Ireland.

Ireland operates a special VAT incentive for exporters. Entities located in Ireland that supply in excess of 75 per cent of their products to other EU locations or export to non-EU jurisdictions may qualify for authorisation to purchase most 30 goods and services at the zero per cent rate of VAT. This can provide a substantial cash flow advantage for companies establishing their Europe Middle East and Africa (EMEA) region operations in Ireland.

Company Tax

If your business is set up as a company then it is liable for corporation tax. New companies incorporated on or after 14 October 2008 may be exempt from the first 3 years of corporation tax - you can find details of tax exemption for new start-up companies on the Revenue website. The exemption applies for each of the first three years that the trade is carried on provided that the company's tax liability for the year does not exceed €40,000. www.revenue.ie/en/practitioner/tax-briefing/2010/no-062010.html

Income Tax

If your business is set up as a Partnership or sole trader then it is liable for income tax. The calculation of income tax due is done by applying a percentage rate and then deducting the tax credits from the tax due. The tax rates at 1 January 2011 are 20 per cent on the first €32,800 (double for married taxpayers) and 41 per cent on the balance of taxable income.

The Office of the Revenue Commissioners is the primary state body responsible for the assessment and collection of taxes and duties in the Republic of Ireland. www.revenue.ie/

Capital Gains Tax

Companies resident in Ireland for tax purposes are subject to corporation tax on their gains. Non-resident companies are chargeable to capital gains tax on disposals of certain specified assets, (for example, real estate situated in Ireland).

The current rate of capital gains tax is 25 per cent. Taxable gains are calculated by deducting from the sale proceeds the costs incurred on acquiring the assets. There are significant reliefs from capital gains tax on the transfer of assets intra group and in merger/reconstruction situations.

As outlined above, the disposal of shares in a subsidiary company by an Irish holding company is, in certain circumstances, exempt from Irish capital gains tax.

Double Taxation

Ireland has signed comprehensive double taxation agreements with 62 countries, of which 55 are in effect. The agreements cover direct taxes, which in the case of Ireland are income tax, corporation tax and capital gains tax.

Exporting

Ireland is the UK's 5th largest export market worldwide. Total trade to and from China is only 1.6% higher than with Ireland.

Ireland is considered as part of the UK for export purposes and licences are therefore not required for goods exported to Ireland from the UK. If you wish to export goods from other countries to Ireland, you should check with HM Revenue & Customs to see if a licence is required. For further information visit: www.hmrc.gov.uk

UK Trade and Investment

The UK Trade and Investment Export Finance team encourages the availability of competitive export finance to all UK companies seeking to export goods or services or invest overseas. For further information visit: www.uktradeinvest.gov.uk

Export Credits Guarantee Department (ECGD)

ECGD can provide insurance or arrange medium/long-term finance packages in a wide range of markets worldwide for UK exporters of capital goods and projects. They

Second reduced VAT rate of 9 percent

The Irish Minister for Finance has announced a second reduced VAT rate of 9 percent applies in respect of certain goods and services (mainly related to tourism) for the period 1 July 2011 to 31 December 2013 (see www.revenue.ie/en/tax/vat/leaflets/rate-change-9-percent.html#content for details).

The 9% rate applies to:

- restaurant and catering services;
- hotel and holiday accommodation;
- admissions to cinemas, theatres, certain musical performances, museums and art gallery exhibitions;
- fairgrounds or amusement park services;
- the use of sporting facilities;
- hairdressing services;
- printed matter such as brochures, maps, programmes, leaflets, catalogues and newspapers.

can also provide contacts for private sector insurance for UK exporters of consumables. For more information on how ECGD may be able to help you visit the ECGD website at: www.ecgd.gov.uk or contact their helpline: Tel: 020 7512 7887.

Technical Help for Exporters

Technical Help for Exporters (THE) is a service provided by the British Standards Institution (BSI) to provide information and advice on compliance with overseas statutory and other technical requirements. THE produces a wide range of publications and provides a special updating service of information in some product fields. THE can supply detailed information on foreign regulations; identify, supply and assist in the interpretation of foreign standards and approval procedures; research and consult on technical requirements for a specific product; and provide translations of foreign standards, items of legislation and codes of practice. Fees vary according to the amount of work involved.
For further information visit the British Standards Institution (BSI) website at: www.bsi-global.com/

BIFA

The British International Freight Association (BIFA) is the trade association for UK-registered companies engaged in international movement of freight by all modes of transport, air, road, rail and sea. BIFA has around 1400 corporate members, known generally as freight forwarders, which offer a wide range of services within these various modes.

Export Documentation

SITPRO is the UK's trade facilitation body dedicated to simplifying the international trade process by cutting red tape. It manages the UK Aligned Series of Export documents and licenses a network of approved suppliers to provide them. The series now contains nearly 70 standard commercial, transport, banking, insurance and official forms.

SITPRO also offer advice, briefings, publications and checklists covering various international trading practices.
For more information on how SITPRO can help you with export documentation and procedures visit: www.sitpro.org.uk or contact them on 020 7215 8150.

Importing

The Integrated Tariff of the United Kingdom contains helpful information on Importing or Exporting. It includes references to the relevant laws and regulations. Although the UK version is called the "Integrated Tariff of the United Kingdom", the same format is used throughout the EC. For further information, visit: www.hmrc.gov.uk
The Republic of Ireland is considered as part of the UK for import purposes.

Import licences

You should check with Her Majesty's Revenue and Customs to see if a licence is required for any goods you wish to import from Ireland. There are a number of licensing requirements, relevant to imports. These include;

- Common Agricultural Policy (CAP) Licences;
- Department for Business, Innovation and Skills (BIS);
- Department for Environment, Food & Rural Affairs (DEFRA) Licences;
- European Commission Licences;
- Forestry Commission Licences, and
- Radio Communications Agency (RDA) Licences.

If a licence is needed and is not presented at the time of importation, the goods will not be allowed to enter the country.

Customs Duties

In general, if goods are produced in the UK (or in another EU member state) they are not liable to pay import duty on entry into The Republic of Ireland.

If goods have entered the EU from a non-member country and had any necessary import duty paid on them, they can enter The Republic of Ireland without any further import duties being levied.

The UK has guidance levels for the import of tobacco, alcohol and other products bought by visitors for their own use. These levels can be checked at: www.hmrc.gov.uk.

Terms of Payment

There is legislation in place in Irish law to ensure timely payment. Please refer to the Department of Enterprise, Trade and Employment's website for detailed information on payment terms. www.entemp.ie.

The Late Payments Act allows businesses to apply penalty interest on the amount owed; this rate was at 8 per cent in March 2010 but is subject to change.

Payment methods vary – cheques are still widely used, although Direct Debit Mandates or BACS are becoming more prevalent.

Standard Payment Terms are usually 30 days. However average days beyond terms have increased steadily during the recession, at 13.5 in February 2009 they had reached 23.5 days in January 2010.

Before trading with a new company it is possible to use companies such as Experian Ireland Ltd to provide a credit report which will provide an indication of a company's payment habits and financial situation before you deal with them. www.experian.ie

Advertising and Marketing

UKTI's team in Dublin can provide a range of services to British-based companies wishing to grow their business in the Irish market. Their services include the provision of market information, validated lists of agents/potential partners, key market players or potential customers; establishing the interest of such contacts in working with the company; and arranging appointments. In addition, they can also organise events for you to meet contacts or promote a company and its products/services.

As a first step you might consider attending or exhibiting at an Irish event or trade fair relevant to your business. The UKTI team in Dublin can supply you with details of key Irish trade fairs in your business sector. This would give you an idea of the market and your competitors and allow you to meet people operating in the market. It would also demonstrate how serious you are about your plans for exporting to Ireland. Contacts you make at such events may suggest other contacts or routes to pursue. If you get the opportunity, make the most of these contacts to gather as much market intelligence as you can.

You can commission these services under which are chargeable and operated by UK Trade & Investment (UKTI) to assist British-based companies wishing to enter or expand their business in overseas markets. Under this service, the Embassy's Trade & Investment Advisers, who have wide local experience and knowledge, can identify business partners and provide the support and advice most relevant to your company's specific needs in the market.

To find out more contact UKTI office, UKTI Team in Ireland based at the British Embassy in Dublin.
E-mail: wendy.doak@fco.gov.uk

Business Hours

Under legislation passed in 1997 known as the Organisation of Working Time Act, restrictions are placed on the number of hours that employees can work.

Implementation of this legislation is being phased in over a number of years to allow employers to adapt their work practices accordingly. The main provisions of the Organisation of Working Time Act are:

- A maximum 48-hour working week will apply to all employees;
- A minimum daily rest period of 11 consecutive hours per 24 hour period;
- A minimum uninterrupted rest period of 35 consecutive hours per week;
- The minimum number of paid working days holidays is 20 days.

There are nine statutory holidays in Ireland, commonly known as 'Bank Holidays'.

Business Etiquette

Irish businesspeople are generally less formal and more outwardly friendly than in many European countries. Handshake at the beginning and end of meetings, handshakes should be firm and confident.

The Irish are generally rather casual and quickly move to first names. Business cards are exchanged after the initial introductions without formal ritual. Many businesspeople do not have business cards, so you should not be offended if you are not offered one in return.

The Irish have turned speaking into an art form. Their tendency to be lyrical and poetic has resulted in a verbal eloquence. They use stories and anecdotes to relay information and value a well-crafted message. How you speak says a lot about you in Ireland.

The Irish appreciate modesty and can be suspicious of people who are loud and tend to brag. They dislike a superiority complex of any sort. So, for example, when discussing your professional achievements it is best to casually insert the information in short snippets during several conversations rather than embarking on a long self-centred outline of your successes.

Communication styles vary from direct to indirect depending upon who is being spoken to. There is an overall cultural tendency for people to view politeness as more important than telling the absolute truth. This means that you may not easily receive a negative response. When you are being spoken to, listen closely. A great deal may be implied, beyond what is actually being said. For example, if someone becomes silent before agreeing, they have probably said “no”. They may also give a non-committal response. This may be due to the fact that the Gaelic language does not have words for “yes” or “no”. There is a tendency to use understatement or indirect communication rather than say something that might be contentious.

Generally speaking they do not like confrontation and prefer to avoid conflict, which they attempt to avoid by being humorous and showing good manners. Business Meetings Company or organisational cultures differ widely in Ireland. As a result you may find meetings vary in their approach and substance. In one setting the purpose of a meeting is to relay information on decisions that have already been made, whereas in another it may be the time to get feedback and input.

Following on from this, meetings may be structured or unstructured. In most cases they will be relaxed. It is customary to have a period of small talk before the actual meeting which is when a rapport is built to take forward into the meeting.

Meetings may occur in several venues, not merely the office. It is quite common to conduct a business meeting in a restaurant or pub. This allows all participants to be on equal footing. Expect a great deal of discussion at meetings. Everyone is expected to participate and they do, often at great length. The Irish like to engage in verbal banter and pride themselves on being able to view a problem from every angle.

Transport and Travel

Air

Ireland has four international airports (Dublin, Belfast, Shannon (near Limerick) and Cork) and a number of large ports. There are also regional airports in Donegal, Galway, Kerry, Knock, Sligo and Waterford. Most European cities are accessible within two to three hours flying time. International and internal transport services are well developed.

Road

There are approx 667 km of motorway in Ireland, 94% are classified as either regional or local and they carry around 60% of all road traffic. Motorways are mostly two-lane dual carriageways radiating from Dublin. With a three lane ring road circling Dublin, M50. Structural funds from the EU have been used to upgrade the network of main and secondary roads linking the major population centres.

Sea

Northern Ireland has first-class ferry connections with Scotland, England and the Isle of Man. New, high-speed vessels, enhanced on-board amenities, entertainment and shopping, together with lower prices, make the car ferry a very attractive way to go. Regular, scheduled ferry services operate between Northern Ireland and Great Britain [Stranraer & Cairnryan in Scotland and Liverpool England] bringing both foot passengers, cars and other vehicles into the area through two ferry ports, Belfast and Larne.

There is also ferry service available from Wales via Dublin’s two ports, Dublin Port and Dun Laoghaire. Irish Ferries operate from Dublin Port to Holyhead, Wales and Stena Line's HSS (High Speed Sea Service) operates from Holyhead to Dun Laoghaire.

For details on routes and schedules please visit:

- P & O Irish Sea: www.poirishsea.com
- Stena Line: www.stenaline.co.uk
- Irish Ferries: www.irishferries.com
- Norfolkline Irish Sea Ferries: www.norsemerchant.com

Travel Advice

You are advised to consult the Foreign and Commonwealth Office who issue regularly updated travel advice. Tel: 0207 238 4503 / 4504. Fax: 0207 238 4545. Their website is at: www.fco.gov.uk.

The Foreign and Commonwealth Office recommends that you obtain comprehensive travel and medical insurance. For further information on health, check the Department of Health's website. www.dh.gov.uk/en/index.htm

Passports/Visas

Passport valid for at least three months beyond length of stay required by all except, persons born in the UK travelling direct from the UK (applicable to British passport holders only) and EU nationals holding a valid national ID card. Whilst UK citizens do not require a passport or visa to enter Ireland, most carriers by air or sea now require some form of identification with photograph, usually a passport or driving licence with photo. Visitors should check what form of ID is required with the individual airline, ferry company or travel agent before travelling.

EU nationals are only required to produce evidence of their EU nationality and identity in order to be admitted to any EU Member State. This evidence can take the form of a valid national passport *or* national identity card. Either is acceptable. Possession of a return ticket, any length of validity on their document, sufficient funds for the length of their proposed visit should *not* be imposed.

Work permits

Most non-EEA nationals require an employment permit to work in Ireland. Employers should always confirm a prospective employee's authority to work in Ireland prior to commencement of employment. Various types of employment permits are available: work permits, green card permits, intra-company transfer permits and spousal/dependent permits. The preferred permit in each case will depend on the particular circumstances. There is usually a fee for permit applications (in most cases £1,000 for a two year permit) and applications can take several months to process. In some cases, for example work permits, advertisement of the vacancy is required prior to submitting the application. Therefore, applications should be prepared well in advance of the anticipated start date. Employees who work under an employment permit are entitled to the protection of employment legislation in Ireland in the same way as Irish or EU nationals.

There are severe penalties for employing a non-EEA national without the appropriate employment permit. If found guilty of such an offence fines up to a maximum of £250,000 can be imposed on the employer and/or imprisonment up to a maximum of 10 years.

Residence permits

If you are a national of the European Union (EU), of one of the other EEA member states (Iceland, Liechtenstein and Norway) or of Switzerland, you have the right to stay in Ireland, and your family members have the right to stay here also. However, there are some limits to this right. You can stay in Ireland for up to 3 months without restriction. If you plan to stay more than 3 months, you must either:

- Be engaged in economic activity (employed or self employed), or
- Have sufficient resources and sickness insurance to ensure that you do not become a burden on the social services of Ireland, or
- Be enrolled as a student or vocational trainee, or
- Be a family member of a Union citizen in one of the previous categories.

When you come to Ireland you do not need to register with the local immigration officer and you do not need a residence card to live here. If you wish to have a record of your residence in Ireland you can register with your embassy of your country in Ireland.

Useful Contacts

- CIA Factbook: A factbook compiled by the CIA with country statistics.
  www.cia.gov/cia/publications/factbook
- UK Trade and Investment: The UK Government website to help you do business internationally.
  Tel: 0207 215 8000
  www.uktradeinvest.gov.uk
- British International Freight Association:
  Tel: 020 8844 2266
  www.bifa.org
- SITPRO:
  Tel: 020 7215 8150
  Fax: 020 7215 4242
  E-mail: info@sitpro.org.uk
  www.sitpro.org.uk
- British Embassy in Ireland:
  29 Merrion Road,
  Ballsbridge,
  Dublin 4
  Tel: 00353 1 2053755
  Fax: 00353 1 2053779
  E-mail: trade3.dublin@fco.gov.uk
- Irish Embassy in London:
  17 Grosvenor Place,
  London, SW1X 7HR
  Tel: 020 7235 2171
  Fax: 020 7245 6961
- British/Irish Chamber of Commerce:
  Tel: 00353 458 5230
  E-mail: info@britishirishchamber.ie
- Irish Business and Employers' Confederation (IBEC):
  Confederation House,
  84-86 Lower Baggot Street,
  Dublin 2
  Tel: 00353 1 605 1500
  www.ibec.ie
- Irish Small and Medium Enterprises Association (ISME):
  17 Kildare Street
  Dublin 2
  Tel: 00353 1 662 2755
  www.isme.iea

Country Data

Feature	Country Data
Local time	Ireland Standard Time - is abbreviated as IST Ireland is GMT/UTC + 0h during Standard Time (GMT) Ireland is GMT/UTC + 1h during Daylight Saving Time (IST)
Population	4,622,917 (June 2010 est.) With the greatest concentration being on the east and south coasts.
Capital City	Dublin (1,187,176)
Language /Religion	English language is spoken throughout Ireland. English being the predominant language and Gaelic the first official language. About 94% of the people of Ireland are Roman Catholics, and less than 4% are Protestants. Protestant groups include the Church of Ireland (Anglican) and the Presbyterian and Methodist denominations. Freedom of worship is guaranteed by the constitution.
Area	The total area of the island is approximately 84 421 km². Population density is about 60 persons per sq km.
Public and Statutory holidays	The public holidays in Ireland are shown at: http://en.wikipedia.org/wiki/Public_holidays_in_the_Republic_of_Ireland
International dialling code from UK	00+ 353. Area codes are: Dublin +1; Belfast +28; Cork +21; Limerick +61; Galway +91; Kildare +45; Shannon +61
Local currency	The unit of currency is Euro.
Weights and measures	The Republic of Ireland has officially changed over to the metric system since entering the European Union, with distances on new road signs being metric since 1977 and speed limits being metric since 2005. The imperial system remains in limited use - for sales of beer in pubs. All other goods are required by law to be sold in metric units, although old quantities are retained for some goods like butter, which is sold in 454-gram (1 lb) packaging. The majority of cars sold pre-2005 feature speedometers with miles per hour. The imperial system is still often used in everyday conversation, especially in the terms of height and weight, particularly by the older generation.
Electricity supply	The electrical supply is 230 volt, frequency 50hz. Plug fittings are 3 square pins.

Further Information

This guide is for general interest - it is always essential to take advice on specific issues. We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

Important Notice

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References and Acknowledgements

[1] Sourced from Wikipedia (see http://en.wikipedia.org/wiki/Republic_of_Ireland)

[2] Much of the information in this publication has been sourced from UK Trade & Investment (UKTI) at: http://www.ukti.gov.uk/download/107204_100408/Doing%20Business%20in%20Ireland.pdf.html and © Crown copyright therein in duly acknowledged.