Investing in Ireland

The benefits for international companies

Over 1,000 international companies have chosen Ireland as a place to do business. Matheson is the law firm of choice for international companies and financial institutions doing business in and through Ireland. Read on to discover the benefits that Ireland can provide to your business.
Investing in Ireland

Over 1,000 international companies have operations in Ireland. These companies are involved in a wide range of activities and sectors including technology, pharmaceuticals, biosciences, financial services and manufacturing.

The attraction of Ireland as an investment location can be attributed to the positive approach of successive Irish Governments to the promotion of inward investment, its membership of the European Union (EU), a very favourable corporate tax regime and a skilled and flexible labour pool.

* Source: IMD World Competitiveness Yearbook 2011 and 2012
Why Ireland?

IRELAND IS

- 1st in the world for the availability of skilled labour
- 1st for flexibility and adaptability of workforce
- 1st for investment incentives
- 1st for attitudes towards globalisation
- 2nd for business legislation for foreign investors
- 2nd for large corporations that are efficient by international standards
- 2nd for adaptability of companies
- 4th for corporate taxes
- 4th for exports of commercial services

Source: IMD World Competitiveness Yearbook 2012

A PRO-BUSINESS ENVIRONMENT

- Favourable tax regime
- Flexible business and company law framework
- Common law jurisdiction
- English speaking
- Member state of the EU and within the eurozone
- Readily available physical and people infrastructure
- Highly developed regulatory and economic infrastructure
Ireland’s unique selling proposition

**TAXATION**
- Ireland takes a holistic approach to its tax offering.
- The corporate tax rate of 12.5% is just one ingredient of a competitive tax infrastructure.
- Double taxation treaties, transfer pricing rules and sector specific initiatives are other attractions.

**ACCESS**
- The prime motivation for investing in Ireland is access to new markets.
- Ireland is viewed as a gateway to the EU internal market.

**TALENT**
- Access to a highly skilled workforce.
- A base of skilled labour from across the EU (due to open labour markets).
- Ireland’s workforce seen as being ‘reliable and able to handle complexity’.

**STABILITY**
- Legal and fiscal stability.
- Common law jurisdiction with a legal system broadly similar to that of the US and UK.
- A stable regulatory environment.
- Certainty and clarity of treatment are key attractions for FDI.

*Source: Investing in Ireland: A Survey of Foreign Direct Investors - report published March 2012, authored by the Economist Intelligence Unit and commissioned by Matheson*
Ireland’s tax benefits

12.5% CORPORATE TAX RATE
The primary benefit, from a tax perspective, of doing business in Ireland is Ireland’s standard corporation tax rate of 12.5%.

The 12.5% rate applies to active profits and is not dependent on negotiating or securing incentives, rulings or other tax holidays.

The Irish Government has repeatedly reaffirmed its commitment to the 12.5% rate.

There is a willingness to further enhance the Irish tax system to attract further inward investment.

HOLDING COMPANY STRUCTURE
Ireland offers an attractive tax regime for holding companies.

The two main features of this regime are;

- a ‘substantial shareholders’ exemption from Irish tax on the sale of subsidiaries, and;
- an advantageous treatment of foreign dividend income.

IP HOLDING REGIME
There is a relief for the acquisition of intellectual property and other intangibles.

This allows capital expenditure on intangibles to be amortised or depreciated against taxable income derived from such intangibles.

RESEARCH AND DEVELOPMENT
A refundable corporation tax credit of 25% for incremental qualifying R&D expenditure is available in Ireland.

This tax credit is available in respect of qualifying R&D expenditure undertaken within the EEA.

This R&D tax credit is in addition to the existing deduction and capital allowances that may be available for R&D expenditure.

40% of c-suite executives rank Ireland’s R&D tax credits system as more competitive than other locations (Economist Intelligence Unit).
Ireland’s tax benefits

KEY TAX BENEFITS OF LOCATING IN IRELAND INCLUDE:

- an extensive and expanding double tax treaty network
- a comprehensive unilateral foreign tax credit system
- an exemption from capital gains tax in respect of the disposal of shareholdings in qualifying companies
- a refundable tax credit of 25% for incremental research and development expenditure
- a corporate tax relief for the acquisition cost of IP and other intangibles
- wide exemptions from withholding tax on dividend payments

INVESTORS BENEFIT FROM:

- no controlled foreign corporation rules
- no withholding tax on interest payments to EU / Treaty Countries
- no thin capitalisation rules
- no capital gains tax exit charge to EU / Treaty Countries
- no withholding tax on royalties to EU / Treaty Countries, and in certain cases to non-EU / non-Treaty Countries
- no companies registration taxes (capital duty)
- no custom duties on Irish goods on their importation into other parts of the EU
A pro business environment

- **Regulation** - Ireland has the regulatory, economic and people infrastructure of a highly-developed OECD jurisdiction.

- **Ease of establishing a business** - It is possible to incorporate a company within five working days.

- **Private limited companies** - The two main types of company in Ireland are private companies and public companies. The vast majority of companies registered in Ireland are private companies limited by shares and are by far the most popular form of business entity for inward investment projects.

- **Patent protection regime** - Patent protection in Ireland will (a) in the case of a full-term patent, last for a period of 20 years from the date of filing, and (b) in the case of a short-term patent, last for a period of ten years from the date of filing, subject to the payment of renewal fees.

- **Access to skills** - Both indigenous and international via open labour markets, is a key advantage for businesses in Ireland. There are also tax breaks for multinationals to facilitate the relocation of senior executives to Ireland [Special Assignee Relief Programme (SARP)]

- **Price transparency** - Ireland is a member of the European Monetary Union, which enables price transparency and reduces the risks of exchange rate fluctuations in transactions with other eurozone customers.

- **Stability** - Ireland’s legal and fiscal stability is recognised by investors as a key competitive advantage.

- **Grant aid and fiscal incentives** - Available for inward investment projects, for employment, capital, research and development and innovation purposes.

IRELAND IS RANKED

#1 FOR ATTITUDES TO GLOBALISATION

(IMD)

#1 IN EUROPE AS A PLACE TO DO BUSINESS

(FORBES)
A track record of success
What global investors say about Ireland

Pharmaceutical companies that have chosen Ireland:
- Abbott
- Astellas
- GlaxoSmithKline
- Johnson & Johnson
- Les Laboratoires Servier
- Novartis
- Roche

Ireland has established a solid track record as the ideal location for many of the world’s leading pharmaceutical businesses. We see our Dublin base as important to the evolution of our business, both in our European markets and globally.

RICHARD POPS, CEO, ALKERMES PLC

Because of its business-friendly environment, strong infrastructure and excellent talent pool, Ireland is an ideal location for our new manufacturing facility and entry into the European market.

DONALD BROWN, COO, SANGART

The reason that Pfizer has expanded in Ireland so extensively is the country’s proven ability to deliver. The people are reliable and can handle complexity.

PAUL DUFFY, VICE PRESIDENT, PFIZER
A track record of success
What global investors say about Ireland

8 OF THE WORLD’S TOP 10 TECHNOLOGY COMPANIES ARE IN IRELAND

Technology companies that have chosen Ireland:

- Apple
- EMC
- Facebook
- Google
- Hewlett-Packard
- LinkedIn
- Microsoft
- Oracle
- SAP
- Twitter

Ireland is increasingly one of the world’s centres of talented people with international language skills and experience in working for fast-growing internet companies. This makes it the ideal place from which to support our continuing growth in Europe and further abroad.

CONNIE GIBNEY, INTERNATIONAL HUMAN RESOURCES DIRECTOR, LINKEDIN

Dublin is rapidly becoming the multilingual internet capital of Europe.

DAVID MARTIN, DIRECTOR, GEO OPERATIONS, GOOGLE EUROPE

The skilled talent pool available to us in Ireland has helped us match the growing needs of our users and advertisers across the EMEA region.

COLM LONG, DIRECTOR, ONLINE OPERATIONS, FACEBOOK
A track record of success
What global investors say about Ireland

OVER HALF OF THE WORLD’S
TOP 50 BANKS AND
50% OF THE TOP 20
INSURANCE COMPANIES HAVE
OPERATIONS IN IRELAND

Financial services companies that have chosen Ireland:
- BNP Paribas
- Deutsche Bank
- Goldman Sachs
- HSBC
- Rabobank
- Royal Bank of Scotland
- Zurich Insurance

Ireland, in particular Dublin, thanks to the International Financial Services Centre (IFSC), is a global centre of excellence for mid- to back office staff.

BOB KEOGH, DIRECTOR OF GOLDMAN SACHS BANK (EUROPE)

Zurich considered a number of options and Ireland best met our requirements because of its long-standing membership of the EU and the Euro, a well developed insurance market and a highly educated and skilled workforce. These factors continue to underpin our success and drive our business forward both in Ireland and across Europe.

MARKUS HONGLER, CEO ZURICH INSURANCE PLC AND CHAIRMAN ZURICH LIFE ASSURANCE PLC
Ireland the facts

- Population: 4.2 million+
- Geography: Ireland is an island situated off the north west of the European continent
- Capital: Dublin
- Currency: EURO / €
- Language: English. Ireland is the only English speaking eurozone country
- Political and legal system: Stable parliamentary democracy. Irish law is based on common law, legislation, the Irish Constitution and EU law.
- Transport infrastructure: Well developed international and internal transport services. The island of Ireland has a number of large international airports and ports - most European cities are accessible within two to three hours flying time and there are direct flights to the USA.
- Financial infrastructure: A very well developed and sophisticated banking and financial services infrastructure with established experience in handling the requirements of overseas companies.
- Pro-business infrastructure: Ireland is recognised as one of the most attractive locations for international companies to access the EU internal market.
To discuss investing in Ireland and how best to proceed for the benefit of your business, contact any of the following:

**Contacts**

Matheson advises international companies and financial institutions doing business in and through Ireland. Our clients include over half of the Fortune 100 companies. We also advise 7 of the top 10 global technology brands and over half of the world’s 50 largest banks.

Matheson has the resources and experience to provide a comprehensive and first-class service to international clients. The firm provides pragmatic, tailored legal and tax advice in the format that best suits our clients’ needs. With offices in Dublin, London, New York and Palo Alto, California, the firm is uniquely positioned, with unparalleled experience, to work with organisations looking to establish in Ireland.

We look forward to hearing from you.

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