

Doing Business in Ireland



As President of the Institute of Certified Public Accountants (CPA) in Ireland (www.cpaireland.ie), I hope to highlight some great benefits of doing business in Ireland in this article. Not only does Ireland have an extremely competitive corporation tax, world-class infrastructure and services, it also has a rich history, culture and people that make it a wonderful place to live. And with Ireland and India's close working relationship, our countries are ideal partners for business in the global market. The international economic downturn has seen many changes to the way business is conducted around the world. Companies looking for new opportunities to boost their profits are now turning their gaze to Ireland, where its low tax rates and educated workforce attract inward investments from around the world. It is especially popular for countries from Asia and the Americas seeking to expand and develop their operations within the EU. The accountancy professions in Ireland and India are already connected, with the signing of the Mutual Recognition Agreement between ICA India and CPA Ireland in 2010.

India and Ireland

India and Ireland have had a close relationship for years, despite being separated by thousands of miles. While the Ireland-India Business Association (www.iiba.ie) has offices in both Dublin and Mumbai to help businesses in each country, the Ireland-India Council (www.irelandindiacouncil.ie) was set up in 2002 to help strengthen the relationships between Irish and Indian communities, businesses, institutions and universities.

Today, India-EU trade is worth nearly €70 billion, having grown by 27% over the last five years. Trade between Ireland and India alone was worth more than €1.8 billion

between 2008 and 2010.

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Founded in 1943, the Institute of Certified Public Accountants in Ireland (CPA) is one of the main



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Irish accountancy bodies, with over 5,000 members and students. CPA Ireland is also a member of the International Federation of Accountants (IFAC), the Federation des Experts Comptables Europeens (FEE), and participates in the Edinburgh Group alongside ICAI.

Background of Ireland

Ireland was officially a part of Great Britain until it gained independence when the Irish Free State was established in 1922. It was proclaimed the Republic of Ireland in 1949, after gaining full independence and leaving the British Commonwealth. Ireland joined the EU in 1973, and adopted the Euro currency in 2002.

For many years, the democratic country depended on the agricultural industry. But from the 1980s, it has become a world leader in technology, science, arts and culture. The population of Ireland was recorded at just over 4.5 million in 2011. Currently, the country is experiencing a 'baby boom', with one of the highest birth rates in the EU. The native Gaelic is recognised as the country's official language, but English is commonly spoken.

Doing Business in Ireland

Doing business in Ireland has numerous advantages. Its location alone has earned Ireland the name, the 'Gateway to Europe.' As a member of the European Community, the country benefits from the free movement of people, capital, and goods and services with the other 26 member states, giving it access to a market of over 500 million people worth \$18 trillion.

Ireland has long been recognised for its business know-how and is ranked number 10 in the World Bank's table of countries based on the ease of doing

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business. Despite the recession, the Irish market reported record levels of exports in 2011, with food and drink exports worth €8.65 billion alone.

Working in Ireland and running a business have been made easier by the state-of-the-art infrastructure, widely available broadband and communication services, and excellent public transport. However, the country's greatest asset is without a doubt its people. Known

for their hospitality and humour, and being a permanent fixture in 'Friendliest Nationalities' lists, the Irish are fast gaining a reputation as the best workers in the world.

Around 36% of the Irish population is under 25 years of age, providing multinational companies with a young and well-educated workforce to avail of. Thanks to the history of financial companies in Ireland, there are plenty of older, experienced workers with a wealth of knowledge to choose from as well, giving an ideal combination of both young and old to your staff.

The country's capital, Dublin, is the main financial hub, with the Irish Financial Services Centre (IFSC) housing some of the world's premier financial services institutions, law and accountancy firms and tax advisors. Founded in 1987, the IFSC has played a key role in attracting some of the leading names in the financial services sector to Irish shores. However, operations are not limited to Dublin, as Ireland has a number of other large cities, including Cork, Galway and Limerick.

Tax Benefits in Ireland

Besides the numerous advantages of doing business in Ireland, it has one of the lowest Corporation Taxes in the EU of just 12.5%, which is half that of both China and the UK. There are many other tax benefits, such as a 25% Research and Development tax credit, which is refundable over a three-year period. Moreover, it also has an intellectual property regime, which provides a tax write-off for broadly defined IP acquisitions and patent royalty tax exemptions.

Businesses operating in Ireland also benefit from the EU-approved tax regime, complete with access to the extensive treaty network and EEU directives.

The Irish holding company system has been overhauled

in recent years, with holding companies now able to avail of the following tax package in Ireland:

- A tax exemption on profits from the removal of qualifying shareholdings.
- A pooling and carry forward of surplus foreign tax credits.
- The elimination of capital duty on equity investments.
- Double taxation relief for foreign branch gains.
- Tax exemption on qualifying foreign dividends with the tax rate lowered from 25% to 12.5%.

Other reasons for Ireland's popularity with multinational companies include its political stability, pro-business government policies, a transparent judicial system and cooperative labour relations.

Conclusion

While Ireland is still working through the recession, leading economists have already stated that the country looks set to recover sooner than others in the EU. Optimism about the future is already growing, with a business sentiment survey from accounting and consulting firm, Grant Thornton, showing that 72% of business owners expect profitability, revenue and selling prices to improve in 2012. Recent employment monitors from recruitment agencies also show that hiring is set to rise in Ireland in the coming year.

But do not just take my word for it; the facts below speak for themselves.

Ireland Fact File

- 960 foreign companies are based in Ireland, employing 138,000 people.
- It is home to 8 of the top 10 technology companies, 8 of the top 10 pharmaceutical



If you or your clients are interested in doing business in Ireland and

would like to find out more, log on to IDA Ireland's website, www.ida.ie. IDA will help with everything from finding a suitable location for your business to assisting with possible funding and grants. If you would like to find out more about working as an accountant in Ireland, CPA Ireland would be more than willing to help with any queries. Just visit www.cpaireland.ie to find out more. ☺



companies, 15 of the top 25 medical device companies, and more than 50 per cent of the world's leading financial services firms in the world.

- The total US investment in Ireland is greater than investment into Brazil, Russia, India and China combined.

- Ireland is the third-largest breeder of thoroughbred horses in the world, with 40% of the EU's and 11% of the world's thoroughbreds produced here.
- The thoroughbred equine industry employs 17,300 in Ireland, and its value exceeds €0.9 billion in 2010.
- Ireland produces enough beef each year for 30 million Europeans, with one out of five burgers served in McDonalds across Europe made from Irish beef.
- Ireland exports 80% of its dairy production, producing 15% of the world's infant formula.
- Half of the world's fleet of leased aircraft is managed from Ireland.
- Ireland is fast becoming the hub of the Internet and the online gaming industry in Europe, with international headquarters of Zynga, Popcap, eBay, Facebook, LinkedIn and Google based in the country.
- We employ 16,000 people in forest products. The sector produces €1.9 billion for the economy.
- €1.4 trillion in funds are administered from Ireland.
- Ireland is the largest provider of cross-border life insurance in the EU, with €16.4 billion in premiums in 2009.

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