

Ireland as a Trading or Research Location

**Russell
Brennan
Keane**

Chartered Accountants



Tax Holiday for New Start Ups

Ireland has been phenomenally successful in attracting foreign business to its shores – the 12.5% rate of corporation tax has been very instrumental in this regard. A host of other factors have contributed to this success which are discussed in our 'Doing Business in Ireland Guide'.

A further impetus is being given to certain new businesses setting up in 2016 in the form of a three year tax holiday. A complete exemption from corporation tax and capital gains tax will apply in each of the first three years of operation in which the tax liability of the company is €40,000 or less – that equates to c.€320,000 of tax adjusted trading profits per annum.

Marginal relief applies where the tax liability is between €40,000 - €60,000 giving an effective tax rate between 0% and 12.5%.

This relief has been in place for new companies since 2009. Finance Bill 2015 extended the relief to all new businesses commencing a qualifying trade up to 31st December 2018. Since 2011, the relief is linked to jobs created in Ireland – to claim the relief, the company must have paid a corresponding amount of Employers PRSI (social insurance) capped at €5,000 per employee.

Unused relief arising in the first three years of trading (due to losses or insufficient profits) may now be carried forward for use in subsequent years.

Focused on Your Future

Dublin | Athlone | Roscommon

Visit: RBK.ie

Russell Brennan Keane Chartered Accountants and Business Advisers are one of Ireland's leading business advisory and accountancy firms with over 50 years of experience providing professional services.

Research & Development Credits

Government policy is to attract research and development activity to Ireland. In addition to the tax incentives below, there is also financial assistance in the form of cash grants to incentivise foreign investors to locate R&D activities here.

The Research and Development tax credit is a tax credit of 25% on expenditure on qualifying R&D. The tax credit is in addition to the normal corporation tax deduction at 12.5%, and can be offset against corporation tax liabilities.

It is possible to obtain a cash refund of the R&D credit where a company does not have corporation tax in the current or prior period against which to offset the R&D credit. Where the cash refund mechanism is availed of, the credit is effectively repaid over a three year period.

The amount that a company can reclaim under the repayment mechanism cannot exceed the corporation tax paid by the company in the preceeding ten years or the payroll liability (payroll withholding and social security) of the company in the period in which the R&D expenditure was incurred and prior period.

Expenditure incurred on the construction or refurbishment of a building to be used for R&D also attracts the 25% tax credit in the year the expenditure is incurred.

Further details of the R&D tax credit are set out in our 'Doing Business in Ireland Guide' and 'R&D Tax Credit' flyer.

Knowledge Development Box

Finance Bill 2015 saw the introduction of the much anticipated 'Knowledge Development Box' regime with effect from 1 January 2016. The relief will initially apply to all accounting periods up to 31 December 2020. The relief is linked to R&D activities and spend carried out in Ireland which has led to the development, improvement and creation of a qualifying IP asset.

The relief applies so as to provide for an effective 6.25% corporation tax rate on profits arising from the management, exploitation and invention of such IP assets. Further details are set out in our 'Knowledge Development Box' flyer.

Contact Us

If you have any queries about how your business could benefit from the above please contact:



Jackie Masterson
International Taxation Partner

T: +353 (0) 90 6480600

E: jmasterson@rbk.ie

Disclaimer

While every effort has been made to ensure the accuracy of information within this publication is correct at the time of going to print, Russell Brennan Keane do not accept any responsibility for any errors, omissions or misinformation whatsoever in this publication and shall have no liability whatsoever. The information contained in this publication is not intended to be an advice on any particular matter. No reader should act on the basis of any matter contained in this publication without appropriate professional advice.

DUBLIN

96 Lower Baggot Street
Dublin 2, D02 T049, Ireland
Tel: +353 (0)1 644 0100

ATHLONE

RBK House, Irishtown, Athlone,
Co. Westmeath, N37 XP52, Ireland
Tel: +353 (0)90 648 0600

ROSCOMMON

Castle Street, Roscommon,
Co. Roscommon, F52 NR79, Ireland
Tel: +353 (0)90 662 6750