



# Investing in Ireland

When Britain voted in June 2016 to leave the EU, Ireland became an important English speaking euro denominated market for global organisations looking to secure a foothold into the EU.



With the introduction of the British-Irish visa scheme in 2014, which enables Chinese nationals to visit Ireland and the UK on a single visa, Ireland has seen significant growth in Chinese visitors. In addition to this, the introduction of direct flights between Ireland and China in June 2018 has provided a further boost to inbound visitors from China and Tourism Ireland is projecting Chinese visitor numbers to double over the next 5-7 years.

Ireland's pro-business attitude enables companies to set up swiftly and operate in a business-friendly environment. Our inward investment promotion agency, IDA Ireland, provides invaluable support to ensure inbound investment establishing in Ireland is as successful as possible.

In this factsheet we outline some of the specifics that make Ireland such an attractive investment location to become the fifth-largest European market for Chinese investment.

## 5 reasons to invest in Ireland



### Economy

A stable, competitive and pro-business country, Ireland has the fastest-growing economy in the European Union and ranked fourth in Forbes' annual Best Countries for Business (2017).



### Workforce

Ireland has one of the most educated workforces in the world and the youngest population in Europe, with one third of the population under 25 years of age.



### Native English-speaking

Ireland will be the only native English-speaking country in the EU post-Brexit. Ireland also has strong business links with America, with many US multinationals having a presence in the country.



### Research and development

Ireland ranks 10th out of 127 countries in the 2017 Global Innovation Index and offers a wide range of incentives and grants and a supportive Intellectual Property (IP) regime.



### Tax regime

With a corporate tax rate of 12.5%, an extensive network of double taxation agreements and ranked as the most effective in the EU for paying business taxes (World Bank Group), Ireland has one of the most favourable low-tax regimes in the world.

# Ireland's business advantages



## Young, productive, international workforce

The Irish workforce is productive, capable and highly adaptable. Ireland has the youngest population in Europe, with one third of the population under 25 years old, and one of the most educated workforces in the world. According to the OECD, 52% of Irish 25-34 year olds have a third-level qualification – 12% higher than the 22 countries that are members of the EU and OECD.

The IMD World Competitiveness Yearbook 2017 ranks Ireland first for both labour productivity and efficiency and adaptability and flexibility of workforce. Proportionally, Ireland has the third-highest international workforce in Europe, with 15% of the workforce being international.

## Access to key markets

Located between the USA, Europe and Asia Pacific, Ireland is at the heart of the Eurozone as well as a natural gateway to the rest of the world. Post-Brexit, Ireland will be the only native English-speaking EU and Eurozone member, and our EU membership ensures the free movement of goods, people and capital within the EU area for companies established in Ireland.

Ireland continues to invest in its ICT infrastructure, which has resulted in one of the most advanced and competitive telecommunications infrastructures in Europe. Ireland also has a fully developed road network and extensive port facilities, along with four international and five regional airports, so travelling to and within Ireland is fast, practical and economical.

## A pro-business environment

Ireland is a progressive and open economy with strong ongoing cooperation between government, industry and universities. Ranked as the second most competitive economy in the EU and the sixth most competitive economy in the world by the IMD World Competitiveness 2017 Key Rankings, many ICT, life sciences, financial services and gaming firms have chosen Ireland as their European headquarters. Ireland's inward investment promotion agency, IDA Ireland, partner with international investors and supports them from site selection right through their investment journey.

## Competitiveness

Ireland is a dynamic business location, offering competitive operating costs and high-quality services. The 2017 IMD World Competitiveness ranking puts Ireland as the second most competitive country in the Eurozone and sixth overall globally.

The European Commission's Towards a Foreign Direct Investment (FDI) Attractiveness Scoreboard ranks Ireland in the top three most attractive EU countries for foreign direct investment.

Ireland ranks fourth in Forbes' annual Best Countries for Business (2017) and IBM's 2017 Global Locations Trends report ranks Ireland as the best country in the world for attracting high-value foreign direct investments.

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*“As one of the leading professional services firms in Ireland, we can provide you with the reassurance and expert advice you require to maximise the return on your investment in Ireland.”*

– Naoise Cosgrove, Managing Partner, Crowe Ireland

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## Immigrant Investor Programme (IIP)

Ireland offers an Immigrant Investor Programme which allows non-EEA nationals who commit to an approved investment in Ireland to secure residency status in Ireland for the investor and immediate family members. According to a report by the Hurun Institute in June 2018, Ireland has become the dark horse among China's wealth immigrants this year, which is based on the survey of 224 high net worth individuals with an average wealth of 29 million yuan from March to Jun 2018. According to the report, Ireland has jumped four places from last year to become the third best destination for Chinese millionaires looking to emigrate, after US and the UK.

## Taxation system

Some of the key beneficial features of the Irish tax system are as follows:

- A low statutory corporation tax rate for trading companies of 12.5%
- A corporate tax exemption for the first three years of trading, subject to certain limits
- A growing double taxation treaty network with 72 treaties signed
- A favourable holding company regime
- An effective zero tax rate for foreign dividends (12.5% tax rate on qualifying foreign dividends, with flexible onshore pooling of foreign tax credits)

## Supportive R&D incentives

Ireland actively promotes engaging in research and development activities through a favourable corporate tax system and specific R&D tax incentives that support innovation throughout the entire R&D lifecycle. The following measures may significantly lower company R&D cost and taxable base:

### Exploitation of intellectual property

Ireland is an attractive location in which to develop and exploit intellectual property. Since 2009, Ireland has operated IP tax incentives for expenditure incurred on the acquisition of intangible assets.

### Research and development credit

A company that carries on a trade in Ireland and carries out R&D activities in Ireland or in an EEA country can claim a tax credit of 25% for expenditure on R&D activities against its tax liability for the period.

The 25% credit is in addition to the tax deduction to which the company is entitled in respect of the expenditure incurred, resulting in an effective tax deduction of 37.5%.

### Grants

Grants may be available to overseas companies setting up in Ireland. IDA Ireland has a €100m grant programme to offer financial support to companies in areas such as R&D, training, employment and capital investment. Ireland's Strategic Investment Fund (ISIF) and China's CIC Capital Corporation (CIC Capital) operate a €150m fund for China/Ireland investment.

### Knowledge Development Box

Ireland's Knowledge Development Box (KDB) is the first OECD-compliant KDB in the world. Under the KDB regime, profits earned by tax-resident companies in Ireland from patented inventions and copyrighted software can, resulting from R&D undertaken by that company in Ireland, be effectively taxed at a rate of 6.25%.

## Track record

Ireland is home to many of the world's leading high-performance companies including Google, Facebook, Intel, LinkedIn, Paypal, Microsoft, eBay, Pfizer and Apple. The country has an impressive track record of attracting the world's top companies:

- 9 of the top 10 global software companies
- 9 out of 10 of the world's largest pharmaceutical companies
- 15 out of 20 of the world's leading financial institutions
- 9 of the top 10 aircraft leasing companies

Many Chinese firms are already established in Ireland including HNA Group subsidiary Avolon which has its global headquarters in Dublin, Zhongze Group who acquired Goodbody Stockbrokers and WuXi Biologics who are building the largest biomanufacturing facility in Ireland. It is WuXi Biologics' first manufacturing facility outside of China, and it is also the first large-scale overseas new plant construction investment project by the Chinese pharmaceutical industry.

## Dedicated China Desk

If you are interested in exploring the opportunity to establish your business in Ireland, we have a dedicated China desk aimed at supporting all aspects of China-related business for our clients.

The desk is run by Chinese national Diana Wang, who coordinates with our tax, audit and advisory departments to provide you with the expert advice you need to maximise the return on your investment in Ireland.

We work closely with our colleagues in Crowe Global and Crowe China (t/a Ruihua Certified Public Accountants) to ensure a seamless service offering for Chinese clients looking to expand into Ireland.

We offer a wide range of services to support investing and operating in Ireland, including advising on the best company structure and helping with bookkeeping, payroll, VAT, CIT (compliance and advisory), annual accounts, audit, pensions / employee benefits, corporate finance and more.

## About Crowe Ireland

Crowe is a leading accountancy and business advisory firm with over 75 years' experience helping multinational organisations establish and maintain operations in Ireland.

We have developed an unrivalled understanding of the Irish business environment and built a national reputation in auditing, tax and business consultancy. We work with a variety of clients, from owner-managed firms to multinational organisations and some of Ireland's leading national companies.

We are members of Crowe Global, the eighth-largest accountancy network in the world, with colleagues in over 750 offices across 130 countries.

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