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## A Guide to Doing Business In Republic of Ireland

A member of  
**mgiworldwide**

2022

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## Why choose Ireland?

- Many overseas companies have chosen Ireland as their base from which to do business. These companies are involved in a wide range of activities in sectors such as engineering, information technologies, health services, pharmaceuticals, financial and internationally traded services.
- 14 of the top 15 global medical tech firms, 17 of the top 20 global software firms, 20 of the top 25 global software firms, 20 of the top 25 leading financial services firms and 9 of the top 10 global pharmaceutical companies have based themselves in Ireland.
- Ireland is ranked 24<sup>th</sup> among 190 economies in the World Bank's latest 'Ease of doing business' list.
- Ireland has one of the world's most global and open economies which is helped by ease of global communication (time differences and telecoms infrastructure) and impressive multi-lingual availability.
- Ireland has an excellent availability of third level graduates, technical knowledge and business capabilities.



## The business environment

- Ireland is an open economy and offers an attractive location for overseas corporates and individuals looking to establish themselves in the single European market. The country has a young, flexible, competitively priced, well-educated, English speaking workforce.
- Ireland offers a low tax environment in which to locate and offers one of the lowest corporation tax rates within the European Union of 12.5% for companies with turnover less than €750m (£636m). The Irish government will support a deal to set a global minimum corporation tax rate for large firms. It means the country increasing its 12.5% rate to 15% for firms with a turnover of more than €750m (£636m).
- Other existing tax incentives to investors have also been maintained and extended including enhancements to the Research and Development tax credit regime, the Special Assignment Relief Program and an extension of the exemption from Corporation tax and which is available to Start-up companies.
- A range of Government incentive packages are available to business's establishing and operating in Ireland. These range from direct grant assistance to a variety of tax and investor incentives. These are administered both centrally through a variety of government agencies and locally through regional enterprise boards and administrators of special investment zones/ schemes. Businesses in Ireland may also be eligible for EU grants and other EU incentives in certain circumstances.
- Ireland has been remarkably successful in attracting foreign direct investment in recent years and continues to be an attractive location for investors.
- There remain few restrictions on foreign direct inward investment or on the repatriation of profits, dividends or liquidation proceeds.
- Ireland's economy has evolved from its historic agriculture dependence to a modern and open economy based on international trade. Ireland's trade, especially the export sector is now largely dominated by foreign multinationals, many of whom are engaged in the pharmaceuticals and life science sector, evolving computer and communication technologies, internationally traded services and the financial services sectors.
- Ireland has a robust legal system which affords protection to individual and corporate investors alike. This is particularly evident in the protection afforded to investors in respect of intellectual property rights and the ownership of assets. The regulatory system is straight forward and transparent and is also geared towards business promotion.



# Setting up business in Ireland

## Types of business permitted in Ireland

Business entities that exist in Ireland include unincorporated bodies such as a sole proprietorship or partnership, a branch or incorporated bodies (i.e. that exist independently of their members) such as private limited companies, public limited companies, and unlimited liability companies.

### Sole Proprietorship

This is the simplest form of business structure and is common to many countries. There is no limitation of personal liability for trading debts. Sole proprietors are taxed as individuals. Compliance requirements are minimal and it is not necessary to have annual accounts and records audited.

### Partnership

Some trading organisations and many professional bodies in Ireland still carry on business through the medium of a partnership. A partnership is simply two or more persons trading under a common name with common objectives. A partnership is normally regulated by specific agreements between the partners, but, in the absence of a specific agreement, the Partnership Act 1890 applies. Partners are jointly and severally liable for trading debts.

It is possible for non-residents to enter into partnerships with either residents or non-residents of Ireland. However, partnerships are not that common due to the exposure to unlimited liability.

### Limited Partnership

The partners in such partnerships are divided into two categories; partners with unlimited liability who are generally responsible for managing the affairs of the partnership and other (normally non-executive) partners whose liability is limited to their contribution to the partnership.

## Branch

It is possible for overseas companies to establish a branch in Ireland. If the company is owned by non-residents the taxation payable in Ireland is limited to tax on the profits or gains attributable to the branch or establishment. Branch structures are favoured by multinational corporations who base operations in Ireland.

Overseas companies operating in Ireland through a branch must file certain particulars annually with the Registrar of Companies. These documents are available for public inspection.



## Limited Liability Company

Companies are divided into two types, namely public companies and private companies. The shares of public companies are freely transferable on the open market. Private companies have a limit on the number of members and restrictions on the availability of shares.

The Irish Stock Exchange regulates all ethical matters pertaining to the issue, purchase and sale of shares in public companies.

All companies are required to issue accounts annually to shareholders. These may be subjected to an external audit depending on circumstances. Details of limited liability companies are maintained at the Companies' Registration Office (see contact details below).

The most widely used type of entity in Ireland is a private company limited by shares. Such a company offers the protection of limited liability and a fairly straightforward governance structure, i.e., shareholders (multiple or single), control by directors, simplicity as regards fitting into a group structure, etc.

Limited liability companies must file annual financial statements with the Companies Registration Office. The financial statements are available to the public. A 'small' company may elect to file an abridged balance sheet with accompanying notes. Other companies must file full shareholder financial statements.

The thresholds for the categories of small and medium companies in accordance with the Companies Act 2014 are as follows:

Criteria for determining company size (category changes if two out of three thresholds are exceeded)	Small - Not exceeding	Medium - Not exceeding
Balance sheet total (gross assets before deducting liabilities) not exceeding	€6 million	€20 million
Turnover not exceeding	€12 million	€40 million
Employees not exceeding	50	350

To qualify as a small company, a company must meet two of the three criteria.

## Audit exemption

Under section 359 of the Companies Act 2014, an Irish company can avail of audit exemption if it is a small company or is a member of a 'small group' i.e., if two out of the three of the aggregated thresholds

are met for the company and related companies combined. The small group thresholds are the same as those shown for a small company in the above table.

## The Irish taxation regime

### Overview

- 12.5% corporate tax rate applies to a wide range of trading activities.
- Ireland does not have any ‘controlled foreign entity’ laws or any “thin capitalisation” regulations.
- There are no onerous transfer pricing rules.
- An Irish registered company has the benefit of Ireland’s significant tax treaty network.
- There is no withholding tax on outbound payments of interest or dividends to corporate shareholders or to individual shareholders who are tax resident in Double Tax Treaty countries.



**Tim O’Keeffe**  
Partner



*Our experienced staff at Copsey Murray can assist you when deciding if your business activities will qualify for the 12.5% corporation tax rate for companies with turnover less than €750m.*

### Company ‘residence’ and Irish trading activity

An attractive aspect of incorporating a company in Ireland to conduct business is the opportunity to avail of the low rate of corporation tax. Irish tax legislation provides that a corporate tax rate of 12.5% applies to company profits that are derived from an Irish trading activity.

Under Irish tax law a company incorporated in Ireland is automatically liable to Irish tax on its worldwide profits. The regulations that define the tax residence of a company focus on where the key business decisions are made and where the ‘mind and management’ of the company resides. A number of other factors may also be taken into account.



## VAT

- For VAT registration purposes an Irish incorporated company should have sufficient evidence that it has a physical trade in Ireland, i.e., the company has a base in Ireland and/or is making sales to Irish customers.
- In general, VAT is payable at the point of importation into Ireland. When import goods are imported into Ireland from outside the EU VAT area, the VAT due on the goods is calculated on the total cost of the goods. This includes transport costs, insurance costs and any applicable Customs Duty. A VAT registered trader is entitled to take credit for VAT paid on goods imported for business purposes. Credit for the VAT paid is claimed in VAT return for the taxable VAT period concerned.
- There is a new simplified method of dealing with the VAT at point of entry obligations, known as the Postponed Accounting arrangements. This method allows a VAT registered trader to self-account for VAT on imports on the VAT return so that import VAT may, subject to the usual rules on deductibility, be reclaimed at the same time as it is declared on a VAT return. This is a straightforward reverse charge transaction, without the need to pay the import VAT at the point of importation. In other words, it will be recorded in the VAT return as VAT which is simultaneously deducted on a 'purchase' and charged on a 'sale' in a similar way to the manner in which intra-EU purchases are currently recorded on the return.
- All VAT registered traders in Ireland who acquire goods from countries outside of the EU, may use Postponed Accounting once they have also registered for Customs and Excise and received an Economic Operators Registration Identification (EORI) Number. The EORI number can be applied for simultaneously when applying for VAT registration. Once both VAT and EORI registration is complete, automatic entitlement to Postponed Accounting is granted by Revenue subject to certain guidelines.



An Irish registered company  
can avoid duties on moving  
goods to the rest of the EU  
Copsey Murray can help



## How Copsey Murray can help

### Overview

Services Copsey Murray can provide to businesses wishing to locate in Ireland

- Assist with the initial corporation tax and VAT registration process
- Prepare monthly / weekly payroll for employee(s) and filing of payroll tax returns. Advise as required on any corporation tax and VAT compliance issues
- Prepare the annual statutory financial statements, in accordance with Irish legislation and FRS 102 "Generally Accepted Accounting Practice"
- Prepare the annual corporation tax computation, corporation tax return and submit to Revenue
- Maintain the statutory registers on our Computershare software system
- Provide registered office services
- Prepare and file company annual returns with the Companies Registration Office (CRO)



**Colm Byrne**  
Partner



*We are proud of our long standing reputation of delivering a quality service to our Irish and international clients for almost 50 years.*



We can help you  
relocate your business  
to Ireland

### Company incorporation

Copsey Murray can form a company to suit an individual client's requirements. An Irish limited company requires a minimum of one director and a suitably qualified company secretary. Where there are two or more directors, one of the directors, who may have the necessary skills, may also act as company secretary. We can recommend an Irish resident director and, if necessary, a company secretary for the purposes of incorporation.

### Tax returns, supporting schedules and compliance

Copsey Murray has the necessary expertise, across all tax heads, to ensure that any questions that arise or any issues that a client may encounter, are dealt with effectively and efficiently. The firm's tax personnel have extensive experience in tax compliance and tax planning. The firm uses recognised taxation compliance and research software to more efficiently service clients' requirements.

## Payroll

Our payroll processing staff can operate a weekly / monthly payroll using payroll software and produce electronic payslips as needed. We have the required staff expertise to ensure that the company is fully compliant in respect of the real-time PAYE reporting regulations.

## VAT

An Irish company will be obliged to file bi-monthly VAT returns. We can advise, as on preparing the VAT returns, accounting for VAT on Reverse Charge transactions with businesses in other jurisdictions, accounting for VAT on recharges of any shared services, etc. and assisting with the Postponed Accounting VAT arrangements.

## Statutory financial statements

These templates and software are updated regularly to ensure we can satisfy clients' requirements for compliant financial statements. We can advise on all statutory obligations under the Companies Act 2014 and the Companies (Accounting) Act 2017.

## Corporate secretarial services

Copsey Murray provides a full range of company secretarial and company law compliance and consultancy services. If requested, we can advise on company law and corporate governance matters. The Companies Act 2014 precludes a director of a single director Irish company from also holding the position of company secretary and directs that a company secretary should have the required level of competence. We can provide the services of a qualified company secretary if required.

We offer to maintain the statutory registers using our professional system, to help Irish companies to comply with its obligations under the Companies Act 2014.



## Useful websites in Ireland

- The Irish Revenue Commissioners [www.revenue.ie](http://www.revenue.ie)
- The Companies Registration Office [www.cro.ie](http://www.cro.ie)
- The Irish Stock Exchange [www.ise.ie](http://www.ise.ie)
- The Industrial Development Authority of Ireland [www.idaireland.com](http://www.idaireland.com)
- Enterprise Ireland [www.enterprise-ireland.com](http://www.enterprise-ireland.com)
- Irish Statute Book [www.irishstatutebook.ie](http://www.irishstatutebook.ie)

## About Copsey Murray

Copsey Murray is a firm of Chartered Accountants and Statutory Auditors. We provide a wide range of consultancy and compliance services to individuals and businesses.

Established for over forty years, our head office is primarily located in the city of Dublin, the commercial and financial centre of Ireland. We have additional offices in Arklow County Wicklow, and Naas County Kildare.

We are a team of experienced professionals and pride ourselves on our reputation and on working closely with our clients to help them achieve their goals. We keep informed of ongoing changes in legislation and the regulatory environment which allows us to keep our clients informed while providing timely and cost-effective solutions to matters relevant to them.

We share our experiences across the firm and our client base and look forward to sharing our expertise with you and/or your business.



## Contact us



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## About MGI Worldwide

### Our global accounting network, your local contact in the world

Copsey Murray is a long-established member of MGI Worldwide, a Top 20 international accounting network and association of independent audit, tax and accounting firms, which brings together the expertise of almost 9,000 professionals in some 400 locations around the world. Our membership enables us to keep abreast of important new developments, while providing a seamless international service to any of our clients looking for support abroad. Through MGI Worldwide, our firm benefits from connections with people we get to know and trust in all corners of the globe.

A member of



We can help you and your operations with a quick phone call to one of our colleagues or a complete service offering – whatever you need to make your international business a success. MGI Worldwide is a quality-controlled network, and, like all member firms, we are subject to review of our quality assurance systems and procedures against international standards.

For more information on MGI Worldwide visit [www.mgiworld.com](http://www.mgiworld.com)

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Accountancy Age, November 2020  
International Accounting Bulletin, February 2021



## Our difference

MGI Worldwide member firms offer clients the personal support at partner level that big firms cannot match. Just like their clients our members are business owners who understand the highs and lows of entrepreneurial endeavour.

Typical clients are family businesses, entrepreneurs and fast growth enterprises. Together our personal touch, entrepreneurial approach and global reach all go to make the MGI Worldwide difference.



### About MGI Worldwide with CPAAI

MGI Worldwide with CPAAI is a leading top-20 international network and association of almost 9,000 audit, accounting, tax and consulting professionals in some 400 locations around the world.

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MGI Worldwide is a leading international network of separate and independent accounting, legal and consulting firms that are licensed to use "MGI" or "member of MGI Worldwide" in connection with the provision of professional services to their clients. MGI Worldwide is the brand name referring to a group of members of MGI-CPAAI, a company limited by guarantee and registered in the Isle of Man with registration number 013238V, who choose to associate as a network as defined in IFAC (IESBA) and EU rules. MGI Worldwide itself is a non-practising entity and does not provide professional services to clients. Services are provided by the member firms of MGI Worldwide. MGI Worldwide and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

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