

# Doing business in Ireland

A Comparative Guide / May 2026



Guiding Growth







# Doing business in Ireland

Ireland is a prime location for individuals and investors seeking to set up a business.

It has a highly educated and skilled workforce, a pro-business environment and low corporation taxes. Furthermore, it has an advanced common law system that is used in both the United States (US) and the United Kingdom (UK).

Overall, it is a fantastic place to work, live and set up a business. Ireland has continued to attract a large amount of foreign investment in sectors as varied as:

- ICT
- Life Sciences
- Engineering
- Financial Services

A selection of the type of companies choosing Ireland include:

- **14** of the top 15 medical technology companies
- The **top five** global software companies
- **18** of the top 25 financial services companies
- All **10** top pharma companies

# Fact File

## Ireland

Language  
**English**

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Population  
**5.1 million**

**Ireland has the youngest population in Europe<sup>1</sup>**

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Currency  
**Euro**

### Political and legal system

Ireland is a parliamentary, representative democracy.<sup>2</sup> It is an island nation in north-western Europe. The Electoral Intelligence Unit rated Ireland as a 'full democracy' in 2022,<sup>3</sup> and it was named the 'seventh most electoral democratic country' in the world in 2023.<sup>4</sup>

Ireland's legal system is based on the common law, the constitution 'Bunreacht na hÉireann', legislation and EU law.<sup>5</sup> Ireland has been a member of the EU since 1973.

There are two houses of parliament: the Dáil and the Seanad. The government is elected for a term lasting five years. The president is elected for a seven-year term and is largely ceremonial in nature.<sup>6</sup>

Ireland has a highly advanced economy, with specific specialisms in the service sector. It is a knowledge economy and has a focus on the technology, financial services and life sciences sector.



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- 1 Collins, S. (2023). Ireland's younger and growing population bucks EU trend. [online] Independent.ie. Available at: <https://www.independent.ie/business/irish/irelands-younger-and-growing-population-bucks-eu-trend/a1895710756.html>.
  - 2 Freedom House (2021). Ireland: Freedom in the World 2021 Country Report. [online] Freedom House. Available at: <https://freedomhouse.org/country/ireland/freedom-world/2021>.
  - 3 Economist Intelligence Unit. (2023). Democracy Index 2023: Age of conflict. [online] Available at: <https://pages.eiu.com/rs/753-RIQ-438/images/Democracy-Index-2023-Final-report.pdf>.
  - 4 Varieties of Democracy (2022). The V-Dem Dataset - V-Dem. [online] V-dem.net. Available at: <https://www.v-dem.net/data/the-v-dem-dataset/>.
  - 5 Byrne, R., J Paul Mccutcheon, Bruton, C. and Coffey, G. (2014). | The Irish legal system. Haywards Heath, West Sussex: Bloomsbury Professional.
  - 6 Article 12-4 of Constitution.
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### Highly Developed Infrastructure

Ireland has pumped a huge amount of investment into its infrastructure. The National Development Plan has committed €165 billion to major infrastructure projects, showing Ireland's dedication to supporting business and FDI.<sup>7</sup> There are also daily connections to the UK, US, Europe and the rest of the world. Road connections throughout Ireland means travelling across the country is quick and easy.

### Highly Educated Workforce

Ireland has a young, highly educated workforce. Ireland ranks first in the world for attracting and retaining international talent. There is also a high proportion of 30-34 year olds holding a third level degree and there are several top class universities here including TCD, UCD and DCU. It has the highest level of STEM graduates among 20-29 year olds per capita in the EU. This means there is a young, highly educated, and trained workforce which provides an excellent workforce to fulfil business needs.

### Favourable Taxation System and incentives

Ireland is a very favourable location for tax reasons.

- It has a sizable double tax treaty network of 78 agreements, of which 75 are now in effect.<sup>8</sup> Even when a double taxation treaty has not been signed with a certain country, the Tax Consolidation Act 1997 has provisions allowing unilateral relief against double taxation in terms of certain types of income.
- It has a 12.5% corporate tax rate for trading profits.
- A favourable holding company regime.
- A favourable intellectual property regime with the tax rate on profits developed from intellectual property being just 6.25%.
- Research and Development (R and D) tax credits

The favourable taxation system is explored in greater depth later in this guide.

As a leading boutique provider of trust and corporate services, VANTRU can provide you with expert advice and local assistance that will allow you to do business in Ireland confidently helping you to maximise your foreign investments.



7 Government of Ireland (2024). Minister Donohoe launches updated Project Ireland 2040 Progress Tracker. [online] Available at: <https://www.gov.ie/en/press-release/7b92d-minister-donohoe-launches-updated-project-ireland-2040-progress-tracker/>.

8 Revenue (2023). Double Taxation Treaties. [online] Available at: <https://www.revenue.ie/en/tax-professionals/tax-agreements/double-taxation-treaties/index.aspx>.



# Why Ireland?

## Quality of Life

Ireland is renowned for having a very good quality of life. It has among the highest quality of life ratings in the world as per the United Nations Human Development Index (UN HDI) and among the highest life satisfaction in the OECD.<sup>9</sup> There is world famous scenery, top class sports facilities and amenities, a blooming cultural scene and famously friendly people. Combined together this creates a very attractive country to live and work in. Furthermore, it is a very open, diverse country, with 12% of the population being non-Irish citizens.<sup>10</sup> There is a wide variety of different locations to live and work in Ireland and regional locations outside Dublin offer lower living costs than urban centres. Ireland is one of the most dynamic countries in Europe because of the young, vibrant population.

## A Pro-Business Environment

Ireland has a stable, competitive, pro-business economy. Government, universities and industry have a collaborative partnership that allows all to thrive. IDA Ireland, the official government agency that is responsible for attracting foreign industry and enterprise into Ireland, is regarded as having been extremely successful. It specialises in helping companies involved in research and development, and financial services. Overall, Ireland is the fourth most competitive economy in the EU and the 12th most competitive globally.<sup>11</sup> It has an 'A' grade from all major credit rating agencies,<sup>12</sup> and is the fastest growing economy in the Eurozone.<sup>13</sup>

## Infrastructure Projects

Ireland is a country with a myriad of infrastructure projects. For instance, the budget for the Department of Housing, Local Government and Heritage is a record €7.93 billion. Furthermore, it has several major ports and airports, which increases the accessibility of Ireland's businesses to the rest of Europe and the world.

## English Speaking Country

Ireland is the only English speaking country left in the European Union post Brexit. This means that it is in a prime position to exploit the internal EU market of over 500 million people.<sup>14</sup>

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9 World Health Organisation. (2020). WHO European health information at your fingertips. [online] Available at: <https://gateway.euro.who.int/en/hfa-explorer/hdi/ireland/#YK1OdpoxWb>.

10 Central Statistics Office (2023). Migration and Diversity - CSO - Central Statistics Office. [online] [www.cso.ie](https://www.cso.ie/en/releasesandpublications/ep/p-cpsr/censusofpopulation2022-summaryresults/migrationanddiversity/). Available at: <https://www.cso.ie/en/releasesandpublications/ep/p-cpsr/censusofpopulation2022-summaryresults/migrationanddiversity/>.

11 National Competitiveness and Productivity Council Bulletin 24-4 IMD World Competitiveness Rankings OVERVIEW. (2023). Available at: <https://competitiveness.ie/media/mgybdk2g/ncpc-bulletin-24-4-imd-world-competitiveness-rankings-2024.pdf>.

12 NTMA. Credit Ratings. [online] Available at: <https://www.ntma.ie/business-areas/funding-and-debt-management/investor-relations/credit-ratings>

13 Government of Ireland (2024)

14 European Union (2023). Key facts and figures | European Union. [online] European Union. Available at: [https://european-union.europa.eu/principles-countries-history/facts-and-figures-european-union\\_en](https://european-union.europa.eu/principles-countries-history/facts-and-figures-european-union_en).

# Business Legal Entities

There is a wide variety of business structures in Ireland.

## **Private Limited Companies**

Most companies registered here are private limited companies limited by shares. This is a new model of company established by the Companies Act 2014.

There are two types of these private limited companies. One is the LTD. They are by far the most popular for private commercial ventures in Ireland. It is simple to set up and has simple governance. It has a constitution, which sets out the rules governing the company and limits the liability for members. A member's liability is limited to the amount unpaid on the shares held by them. It does not need to have an object clause and so can trade in any type of business. There needs to be a minimum of one Director and a separate Company Secretary. If there are two Directors, one can function as the separate Company Secretary. It must have one shareholder and can have up to 149 shareholders.

The designated activity company (DAC) is the other type of limited company. It applies to companies that want to outline the activity the business will do in its constitution. As a result, it is required to have an objects clause. It is highly restricted to the business activity that is set out in its objects clause. It must have a minimum of two Directors. Companies that are likely to wish to be DACs include companies that trade in very specific markets such as retail banks and financial regulation as well as Special Purpose Vehicle Companies (SPV).

## **Public Limited Company (PLC)**

A public limited company (PLC) is used when the company intends to be listed on a stock exchange. There is a minimum requirement for two company Directors and the PLC must hold an AGM. It must have a minimum issued share capital of 25,000 euro. The name of the PLC must end with the suffix 'Public Limited Company' or 'PLC'. Usually, they are used when the 149 maximum number of shareholders would become problematic for the company as it has to be listed on a stock exchange. Note that the name of the company cannot be similar or the same as another one listed in the Irish Registered Companies. A PLC can trade without an agreement which means it has the maximum flexibility possible.

## **Company Limited by Guarantee (CLG)**

A CLG is usually used when there is a pressing need for a separate legal entity, such as a charity or society. It does not have a share capital. This means the members are not shareholders. It must have at least one member, and there is no maximum number of members. There is a need for at least two Directors, and they can also be members. It has a simple one document constitution, with a memorandum of association and articles of association. The memorandum must set out the objects of the CLG and the CLG can do any act set out in the object. The AGM may not be held if there is only one member. The legal suffix is CLG however, a CLG can apply for an exemption when its objects involve the promotion of religion, science, education etc.

A CLG that wishes to obtain a charity exemption from the Revenue will need to comply with the Charities Act 2009 also.

### Unlimited Companies

In an unlimited company, there is no limit to the liability exposure of shareholders. This means the members of an unlimited company are obligated to contribute their personal assets in the event of an insolvency.

There are three types of unlimited companies in Ireland

- **ULC** - A private unlimited company with a share capital
- **PULC** - A public unlimited company without a share capital
- **PUC** - A public unlimited company with a share capital

It must have at least two Directors. The name of the company must end in "Unlimited Company." There is a requirement under the Companies Accounting Act 2017 that Irish unlimited companies which have unlimited liability must file annual accounts to the CRO.



### Partnerships

A relationship between two or more people carrying out a common business with the objective of making a profit is called a Partnership. Such partnerships are governed by the 1890 Partnership Act. They are not considered separate legal entities. As a result, it cannot own property in its own right and the partners are jointly and severally liable for any debts of the Partnership. Likewise, they are jointly and severally liable for tortious acts of the Partnership. Partners generally evenly split profits and ownership. Partnerships cease to exist on the death of a partner.

A Partnership needs to register for taxation purposes, even though it is not a taxable entity in its own right.

### Sole Trader

A sole trader operates in their personal capacity as a businessperson. To legally become a sole trader, you must register as self-employed with Revenue. Once someone is self-employed, they pay tax through income tax and not through the PAYE system.

Sole traders do have personal liability, and unlimited liability. This means any business liability is also the sole trader's liability.

Freelancers generally tend to opt for this choice of business form.

You must keep records and accounts of all purchases and sales of goods and services. You also must keep all amounts received and all amounts paid out.

## Company Incorporation Requirements

To incorporate a company, several documents need to be filed with the CRO.

- The company's constitution
- Form A1. This contains details of the company's name, Directors, principal activity and Secretary.

Individuals and companies must register company names with the Companies Registration Office (CRO). To register such a company name, the business' address must be located in Ireland. The CRO may refuse a proposed company name if it is the same, or similar to another on the CRO's register. Names containing offensive phrases, restricted terms such as 'bank' and implications of state endorsements are among those which are likely to be refused. Furthermore, even if a company name is accepted by the CRO, Section 30 of the Companies Act entitles objections in regard to company names to be raised within six months of the company's incorporation. An individual or company can reserve a name for up to 28 days for a nominal fee. The fee for online registration of a company name is €20.

A new company in Ireland can be incorporated within five days by the quick incorporation scheme. All Irish incorporated companies are required to have one EEA resident Director.

LTDs need to keep the CRO updated of matters such as:

- Changes of Director and Secretary
- Changes to the registered office
- Updates to the company's constitution

Companies are required to keep books of accounts and keep the CRO updated as to the details of its officers and share capital as of the annual return date.

Companies need to have their accounts audited by a registered auditor.

## Governance of Companies

At least one of the Directors needs to be a resident of a member state of the European Economic Area. The only way to work around this is if the company obtains a bond to the value of 25,000 euro as security.

The maximum number of directorships an individual can hold is limited to 25 by Section 142 of the Companies Act 2014. There are significant exceptions, such as a holding company and all its subsidiaries counting as one directorship.

Only natural persons can operate as a Director. Corporate bodies, persons under the age of 18, persons undischarged from bankruptcy and persons who have been disqualified from acting as Directors, cannot serve as Directors.

Choosing the right legal structure is a crucial first step for any business setting up in Ireland.

At VANTRU, we will help you to select the most suitable entity. Get in touch with our team today to discuss the best legal structure for your business.



# Taxation of Companies in Ireland

Ireland is a very favourable country to do business in due to tax purposes.

It has signed over 70 double taxation treaties which helps avoid double taxation of income arising in one country and paid to residents of another country. Likewise, it has a very low corporation tax rate of 12.5% for many businesses.

## Tax Residency

Your residence for tax purposes depends on the number of days that you are present in Ireland during a tax year. A tax year runs from 1 January to 31 December. A person will be a tax resident if they spend 183 days or more in Ireland in that year. A person being in the country for any portion of the day will mean that it is counted.

## Corporation Tax

One of the major benefits of doing business in Ireland is the 12.5% corporation tax. This has been a strong and stable incentive to conduct business in Ireland for many years. In 2021, the government agreed to join the OECD Agreement which established a global minimum wage rate of 15% on multinationals with a revenue exceeding 750 million euro.

The vast majority of businesses in Ireland remain outside of the scope of the OECD agreement and can continue to benefit from the 12.5% corporation tax rate. Practically all businesses can qualify for the 12.5% rate.

There is a 25% rate for non-trading income - e.g, passive income such as investment income and rental income. There is a low 10% rate for profits earned due to patented inventions.

## Corporation Tax Payment

A company must file corporation tax payment return and pay any tax due nine months after the end of the accounting period. The company must make this payment on or before the 23rd of the ninth month. Large companies may pay their preliminary tax in two instalments. A large company is defined as a company whose corporation tax liability was more than €200,000 in the previous accounting period.

## Calculating Trading Profits

Naturally, profits are calculated by reference to the profits reported in the financial accounts. Profit is meant to mean income less expenditure. There are some notable adjustments discussed below, but for the purposes of this guide, we will offer a brief overview.

## Capital Expenditure

Expenditure on capital items are not deductible for Irish tax purposes.

## Non-Trading Expenditure

Expenditure must be wholly, and entirely incurred for trading purposes. Charity donations may not apply as a result. Expenses directly related to a source of non-trading income is not deductible against trading income but may be deductible against the non-trading income source.

### **Plants, Machinery and Equipment**

There is an annual allowance of 12.5% on a straight-line basis in respect of expenditure incurred on plants, machinery, and equipment.

### **Payroll Requirements**

Any company that has employees needs to register with the Revenue and deduct PAYE, USC and PRSI. Companies need to apply these to benefit-in-kind as well as cash payments.

### **Transfer Pricing**

Ireland's transfer pricing legislation was first introduced in 2010. The legislation's objective is to make sure the transactions are done at "arm's length." In practice, this means that transactions between related parties need to be priced as if they were carried out by unrelated parties. If the agreement was not on arm's length terms, then the tax treatment of the agreement can be adjusted in order to increase understated taxable profits of Irish resident companies or decrease overstated taxable profits of such a company.

OECD Transfer Pricing Guidelines have been incorporated into Irish law and require onerous file requirements. However, there are exemptions for most small and medium sized businesses as well as transactions between two Irish resident companies.

### **Dividends**

Dividends received generally are taxed at 25%. Dividends received by an Irish resident company from another Irish resident company are exempt from corporation tax. Dividends paid by Irish-resident holding companies are subject to the 25% dividend withholding tax (DWT). If possible, a return of deposit withholding tax must be made to Revenue every month.

There are several exemptions that mean DWT does not need to be applied to certain dividends. For example, an individual recipient residing in an EU country.

### **Section 110 Special Purpose Vehicles**

A section 110 special purpose vehicle (SPV) is an Irish tax resident designated activity company typically created as an orphan company which qualifies under section 110 of the Taxes Consolidated Act 1997 for a special tax regime which enables the SPV to attain tax neutrality whilst isolating risk and securing assets from the original owner. Since they are separate legal entities, it makes its obligations secure. They are used in many financial transactions such as securitisation, financing transactions, asset repackaging, debt settlement and risk reduction.

An advantage of establishing a section 110 company is that there is minimal tax leakage and efficient profit extraction.

[For more detailed information on Section 110 SPVs, please refer to our in-depth guide.](#)

### **Anti-Avoidance Legislation**

There are many anti-tax avoidance provisions in tax legislation. There is a General Anti-Avoidance Rule (GAAR). This is set out in Section 811C of the Taxes Consolidation Act 1997. The legislation's intention here is to eliminate and defeat tax avoidance transactions which have little or no commercial purpose and are entered to obtain a tax advantage.

Ireland's tax system offers real advantages, but getting it right is key. At VANTRU we support international companies with expert tax planning. Speak to our team to maximise your advantage.



# Determination of Taxable Income

## Trading Profits

The company profit and loss account is the starting point when it comes to determining a company's annual tax liability.

## Depreciation

Book depreciation is not generally deductible for tax purposes. However, tax depreciation is permitted on a straight-line basis for some certain expenditures. This expenditure is incurred on assets that have been put into use by the company. For instance, there is a tax depreciation rate of 12.5% for motor vehicles such as cars.

## Funding and Start Up Costs

A deduction can be allowed in respect of pre-trading expenses that are incurred for the purposes of a trade.

## Charitable Donations

Charitable contributions are generally tax-deductible. There must be a donation of €250 to an organisation over a period of 12 months for it to apply.



# Corporate Incentives

## Research and Development Relief

The R&D tax credit was first introduced in 2004 and is amended frequently by the Finance Act. A company that undertakes R&D activities within the European Economic Community (EU, Iceland, Liechtenstein, Norway) or the UK and carries out business in Ireland, is entitled to claim this tax credit. Companies can claim a tax credit of 25% on qualifying expenditure.

The R&D tax credit is available as well as the trading deduction for R&D expenditure. This can be combined with the R&D tax credit to entitle the company to a 37.5% effective tax deduction. From the end of the relevant accounting period, the company has 12 months in which to make a claim.

The credit can be used to reduce a company's current year corporation tax liability, or it can offset it against other tax liabilities. The company taxes the tax credit over three years.

Expenditure on R&D activities outsourced to a third party can be included in such a tax claim credit claim.

## Knowledge and Patent Box

Profits earned by Irish companies from patented inventions can be subject to tax at a rate of 10% under the Knowledge Development Box regime. Notably, it is the first Knowledge Development Box regime that fully complies with the OECD 'modified nexus approach.' It was previously set at a rate of 6.25% until 30th September 2023.

## Grants

There are a multitude of grants available to businesses and industry that wish to set up in Ireland.

These include:

- Priming Grants
- Future Growth Loan Scheme
- Credit Guarantee Scheme
- Training grants
- Capital Grants
- Feasibility/Innovation Grants

IDA Ireland (IDA) is Ireland's FDI agency. FDI here accounts for 10.2% of employment and 66% of Irish exports.

Grants are individually tailored to each specific company.

An example of a prominent grant is the "Go Green" incentive that has allowed companies to adopt green business initiatives. Research, Innovation and Development grants make up most of the IDA's grant development programme.

An IDA grant application can take a number of weeks. It involves submitting a detailed business plan to the IDA and convincing the IDA that the grant is necessary to ensure the development and operation of the business and that it will provide fresh employment.

Grants are generally paid once the expenditure has been paid.

Many other grants are available from the Local Enterprise Office (LEO). The website is attached here <https://www.localenterprise.ie/>.

Enterprise Ireland also has a large number of grants available to apply for.

Start-up companies can apply for tax relief known as Section 486C tax relief. It is a reduction in the corporation tax you pay for the first five years of trading.

You may obtain this tax relief if your corporation tax is less than 40,000 euro. If your corporation tax due is 40,000-60,000 euro, you may be entitled to partial relief.

It is also linked to the amount of employers PRSI paid. There is a maximum of 5,000 euro per employee and 40,000 euro overall.

The relief as set out currently, is available until 31st December 2026.

### **Holding Company Regime in Ireland**

Ireland has become a prime location for holding companies. This is because:

- There is a Capital Gains Tax participation exemption. This allows a disposal of shares in a subsidiary company made by a holding company to be exempt from Capital Gains Tax provided some conditions are met. These are:
  - a) The holding company must have directly or indirectly held at least 5% of the ordinary share capital.
  - b) An extensive treaty network of 76 double tax treaties
  - c) No current thin capitalisation rules
  - d) A low corporation tax of 12.5% (not 25%) paid out on foreign dividends repatriated from foreign traded income. The 12.5% rate coupled with double tax relief means that there should be no further Irish tax arising from these dividends.

### **Intellectual Property (IP) Rights**

Ireland is a favoured location for those who wish to develop IP. It provides a low corporation tax as well as a range of tax incentives and reliefs for companies wanting to develop IP. For instance, there is an exemption from stamp duty on the disposal of IP, which allows companies to avoid a tax of 6% on disposal of assets exceeding 60,000 euro. Companies can claim this tax depreciation on the capital cost of acquiring qualifying intellectual assets over the qualifying life of the asset or 15 years subject to a cap of 80% of the cost of the asset for assets acquired on or after 11 October 2017. There is no clawback of capital allowances if the assets are sold after a period of 10 years

### **Depreciation on IP**

A company may claim capital allowances for capital expenditure incurred on specified intangible assets against its income from 'relevant activities'. Examples of specified intangible assets include patents and copyrights. a company may elect to claim capital allowances over a fixed write-down period of 15 years at:

- 7% per annum of qualifying expenditure; and
- 2% in the final year

Ireland's pro-business environment and generous corporate incentives make it a prime location for international investment. At VANTRU we help businesses unlock these opportunities and avail of support for long-term success. Contact us today to explore your options.



# Recent Tax Developments

## Special Assignee Relief Programme (SARP)

The SARP programme was introduced in Ireland in 2012. It encourages the relocation of employees into Ireland on a permanent basis. It entitles such employees an exemption from income tax on 30% of their employment income. Since January 2019, there has been an employment cap of one million euro. SARP applies to employment income over 100,000 euro.

The employee must not have been resident in Ireland in the five years prior to arrival. The employee must have been assigned from a country with which Ireland has a double tax treaty or a Tax Information Exchange Agreement. An employee is entitled to relief for up to five consecutive years after being entitled to relief. Employees who qualify for SARP can also receive a tax-free leave home trip annually along with their family. SARP does not entitle you to relief from USC or PRSI.

## 'Key Employee' Reward Mechanism

Heavily linked to the R&D tax credit, key employees who are involved in research and development can benefit from the R&D credit being transferred to them by the company. In effect, this means the employee can receive a portion of their remuneration tax free.

The conditions and rules here are extremely complex however and should be examined thoroughly to comply fully.

For example:

- The employee's effective rate of income tax cannot be reduced below 23%
- The employee must spend at least 50% of their time on R&D activities
- At least 50% of the employment cost for the employee must qualify for the credit
- The employee cannot be a Director of the company

## Foreign Earnings Deduction (FED)

If an individual is a tax resident in Ireland but spends some time working abroad, they may be able to apply for FED.

FED only reduces an individual's income for tax purposes. FED does not reduce an employee's income for USC or PRSI.

A qualifying employee must have worked in a relevant state for:

- 60 qualifying days in 2012, 2013 and 2014
- 40 qualifying days in 2015 and 2016
- 30 qualifying days in 2017 to 2025

Relevant states include Russia, China, India, South Africa, Nigeria, Japan, Singapore, Korea, Pakistan and Mexico.

A qualifying day is one of a minimum of three consecutive days worked in a relevant state.

A key point to remember is that an individual cannot obtain FED if they receive:

- SARP relief
- The key worker employee relief
- The transborder worker relief

## Transborder Workers Relief

An individual can receive Transborder Workers Relief if they are resident in Ireland but work and pay tax in another country. It can be claimed if the individual travels daily or weekly to a place of employment outside of Ireland.

To qualify for relief an individual must be:

- Tax resident in Ireland
- Work in a country with which Ireland has a double taxation agreement
- Pay tax in the other country
- Be in Ireland for at least one day for every week you work abroad

# Taxation of Individuals

## Payroll Taxes

Tax on income you earn from employment is deducted by your employer on behalf of Revenue. It is called Pay As You Earn (PAYE). Universal Social Charge (USC) is a tax on your gross income.

Tax is charged as a percentage of your income. The Irish Income Tax system is progressive and there are two rates. The first part of your income is taxed at a lower rate of 20%. The second part of your income is taxed at a higher rate of 40%. Marriage and civil partnerships can affect your tax band and tax reliefs.

## Foreign Tax Relief

If an individual is a tax resident in Ireland but spends some time working abroad, they may be able to apply for Foreign Earnings Deduction (FED).

[Refer to page 14 for full details.](#)

## Allowances and Deductions

Tax credits reduce the amount of tax you have to pay. After the amount of tax you must pay is counted, the tax credit amount is deducted from this. There are tax credits available for

- Single people
- People who are married or in a civil partnership
- Widowed people

An example of a tax credit is that for a married person or person in a civil partnership, who would be entitled to 3,750 euro of a tax credit.

**Note:** Pay Related Social Insurance (PRSI) is a tax, based on earnings, that goes to the Social Insurance Fund to help pay for social welfare. PRSI contributions are divided into several 'PRSI classes'. Both employees and employers need to make PRSI contributions. Employees pay 4% of total earnings in the form of PRSI.



A statutory definition to determine if an individual is a resident in Ireland is set out in section 819(1) of the Tax Consolidation Act 1997.

There are two basic residency tests.

- A current year test - is the person in Ireland for 183 days in a tax year?
- A look back test - is the person in Ireland for 280 days over a period of two consecutive years? If so, the person will be regarded as resident for the tax year.

A person is regarded as being in Ireland for a day if they are here for any part of the day.

If an individual has been resident in Ireland for three consecutive years, the individual will be regarded as being ordinarily resident in Ireland. Individuals who are resident in Ireland for tax purposes are taxed on their worldwide income.



# Other Taxes

## Value Added Tax (VAT)

VAT is a tax charged on the sale of goods and services. It is targeted on the end user of a product, the consumer. It is levied on the consumer and collected by Revenue.

The standard rate of VAT is 23%. It applies to about 51% of activities, applying to all activities except those with a 0% rate of VAT or reduced rates of 9%, 13.5% or 4.8%. The 4.8% VAT rate is specifically for agriculture - greyhounds, horses, livestock.

As long as they are VAT registered, the vendor can reclaim any VAT paid to buy or produce the goods or services.

Companies need to register for VAT if they exceed a certain income threshold during a one-year period:

- 40,000 euro for companies supplying services
- 80,000 euro for companies supplying goods
- If your business supplies both goods and services and if 90% or more of your turnover is from the supply of goods, the 80,000 euro threshold applies.

Businesses that need to register for VAT should go to the Revenue Online Service (ROS) and fill in the TR1 form for sole traders or partnerships or the TR2 form for limited companies.

## Stamp Duty

Stamp duty is a tax you must pay when you transfer property or shares in Irish companies. When purchasing a residential property, the rate for stamp duty for a house up to a value of one million euro is 1% of the purchase price. It is 2% of a house above two million euro. There is a higher rate for commercial properties of 7.5%.

## Carbon Tax

The carbon tax is a way of setting a price on carbon by setting a tax rate on greenhouse gas emissions. It applies to solid and liquid fuels such as petrol, auto diesel and turf. The rate of tax is at 33.50 euro per tonne of CO<sub>2</sub>.

Section 27, 28, and 29 of the Finance Act 2020 set out the future rate of carbon tax up to 2030 and by the end of 2030, the carbon tax will be 100 euro per tonne of CO<sub>2</sub>.

## Inheritance Tax and Gift Tax

This tax is paid on the value of an individual's net estate after death. Capital Acquisitions Tax is a tax on gifts and inheritance that exceed certain thresholds.

The tax-free threshold you are entitled to depends on the relationship between you and the donor. The tax rate is 33%. There are three groups of relationships that determine the thresholds. The tax rate only applies to amounts over the group threshold.

There is a gift tax of 33% in respect of any gifts above the threshold. The maximum individual can gift another without incurring tax is €335,000 in the context of the Capital Acquisitions Tax (CAT) regime. This threshold is for gifts/remittances from parents to children.

### Property Tax

Local Property Tax (LPT), introduced in 2013, is an annual self-assessed tax charged on the market value of all residential properties in Ireland. For LPT purposes, residential buildings are buildings or structures that are suitable for use as a dwelling. There are some exemptions on LPT, such as buildings that are unsuitable for dwelling and diplomatic buildings.

For a property valued at one million euro and below, the tax band rate is 0.18%. For properties over one million euro, the tax is 0.18% on the first one million euro and 0.25% on the remainder.

'Rates' is a tax on commercial properties and is payable annually.

### Customs Duties

Customs duties are paid when on imported goods from outside the EU. If the goods have a value of more than 150 euro (not including transport costs etc, just the value of the goods alone), you will have to pay customs duty. The rate of custom duty that will apply depends on the good as well as its value.

### Capital Gains Tax

Capital Gains Tax (CGT) is a tax that must be paid when disposing of an asset that has increased in value. The gain in value is taxed, not the whole amount received. The rate currently is 33%. You may have to pay CGT on properties you sell. However, if the dwelling is your main residence, you may be exempt from CGT due to Principal Private Residence Relief. Currently, there is a tax-free allowance for CGT of 1,270 euro. Taxes are only paid on profits over this amount.

There are a number of other notable rates that are important to know.

- 40% for gains from foreign life policies
- 15% for gains from venture capital funds (individuals or partners)
- 12.5% for gains from venture capital funds (companies)

There are some costs that you can deduct from the sale price to work out your chargeable gain, called 'allowable expenses'. For example, the cost of a solicitor in buying and disposing of an asset. Losses can be offset against capital gains that year or carried further into another year.

Some exemptions from CGT include gains from:

- Government stocks
- Prize bonds
- Private motor cars

### Deposit Interest Retention Tax (DIRT)

DIRT is deducted at source by financial institutions on deposits made in accounts of Irish Residents. The DIRT rate since 2020 has been 33%.

Ireland's tax landscape continues to evolve, with changes affecting both businesses and individuals.

At VANTRU we provide up-to-date guidance so that you stay compliant and can plan with confidence. Get in touch for expert support.



# Financial Reporting and Auditing

## Company's Financial Year

Under Section 288 of the Companies Act 2014, the Financial Statements attached to a company's first full annual return, i.e. with Financial Statements, must cover the period from incorporation and must not be for a period longer than 18 months. A company's financial year is generally a 12-month period in which a company prepares accounts. The first financial year may not exceed 18 months, and all subsequent financial years may not exceed a 12-month period.

## Accounting records

You must keep certain records if you run a business for tax records. Even if an accountant prepares the records and keeps them, you are still ultimately responsible for them. You must keep any information that are used to calculate your income tax, corporation tax or capital gains tax. The legislative provisions regarding books and records are contained in sections 885, 886 and 887 of the Taxes Consolidation Act 1997. You must keep records for 6 years after the initial transaction from which they relate.

The Companies Act 2014 requires that all companies have the following financial statements and reports, and that they be laid before the company members or shareholders at the Annual General Meeting (AGM).

- A profit and loss account
- A directors report
- An auditors report
- A balance sheet

The annual financial reports must be signed by two directors. In some circumstances, the report may only be signed by one director.

## Audit requirements

An audit is an examination of the books and records of the company to form a view as to whether the accounts are a true and fair reflection of the results of the company for the given financial year.

## Functional Currency

In practice, in Ireland, most companies file in Euro.

## Tax Returns and Payment of Tax

Ireland operates under a self-assessment system, requiring companies to calculate and report their tax liabilities accurately. The payments for tax returns are generally due in the in the ninth month of the company's accounting period, with the balance payable when filing the CT1. Accurate calculation of these charges is necessary to avoid interest charges.

## Penalties

There is a late filing fee of €100 if an annual return is returned late

Clear financial reporting and audit compliance are vital in Ireland.

At VANTRU we support companies with tailored accounting, reporting, and audit solutions. Contact us to ensure your business meets every requirement with confidence.



# Intellectual Property

## Intellectual property (IP)

Is intangible property that is the result of creativity. It includes patents, designs, copyright, registered trade secrets.

## Trademark

These are distinctive signs that distinguish a good or service of a business from another. Trademark protection is territorial and so applications must be filed in every country a business operates in. A business should apply for a trademark to the Irish Patent Office. The fee to apply for a trademark covering one class of goods or service is €70. The law here is governed mainly by the Trademarks Act 1996. If the Examiner raises no objections to the proposed trademark, it can take as little as six months to become registered.

## Patents

A patent is an exclusive right granted for an invention (i.e, a process or a product that provides a new way of doing something or offers a new solution to a problem.

It confers upon its holder, for a limited period, the right to exclude others from exploiting the patented invention. The only exception is with the consent of the patentee. There is a maximum time span for a patent here of twenty years. There is also a “short-term” patent that has a maximum timespan of ten years. To be patentable, the invention must be (a) new (b) involve an inventive step and (c) be capable of inventive application.

## Copyright

Copyright protects original creative works. For example, novels, films, sound recordings and dramas. In Ireland, like the UK, there is no system to register a copyright work. The act itself of creation creates this copyright. Copyright protection lasts for 70 years after the death of the author or creator. A major piece of legislation here is the Copyright and Related Rights Act 2000.

There are several moral rights that were brought into this jurisdiction by the 2000 Act. For instance, the paternity right, the right to be identified as the author of the work.

## Designs

A design is the outward appearance of a product or part of it, resulting from the lines, contours, colours, shape, texture, materials and/its ornamentation. The fee for a single design application is €70. For a multiple design application, the fee is €70 plus €25 per each additional design. Since July 2002, the relevant legislation is The Industrial Designs Act 2001 and the Industrial Designs Regulations 2002. The Industrial and Commercial Property (Protection) Act, 1927 governs the designs registered before this date. A design registered under the new regime (the 2001 and 2002 acts), may be protected for a maximum of 25 years. There is a renewal fee due every five years.

# Data protection and Privacy

The Data Protection Act 2018 is the legislation that controls how personal data is used by organisations, individuals and the government. It was signed into law on 24 May 2018. One of its main provisions established a new Data Protection Commission as the states data protection authority. The 2018 Act, along with previous data protection legislation is described as the 'Data Protection Acts 1988-2018'. Personal data means any data relating to a person who is or can be identified from the data itself. Article 4(1) of the General Data Protection Regulation (GDPR) defines personal data as

“Any information relating to an identified or identifiable natural person ('data subject'); an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person.”

The Data Protection Commission is an independent authority that upholds the fundamental rights of EU citizens. It supervises the General Data Protection Regulation too. This is a comprehensive EU data privacy law that established a framework for the collection and storage of data within the EU. It imposes a series of obligations on individuals that hold or transfer personal data.

Under data protection law, a data subject is someone who has their personal information held by a company or organisation. The company or organisation that holds this personal information is a data controller.

There are several rights of data subjects in Ireland and the EU

- Right to information
- Right to access information
- Right to rectification (correction) of personal data
- Right to erasure (right to be forgotten)
- Right to restriction of processing
- Right to data portability and to object to processing
- Right not to be subject to automated individual decision making

Organisations may only use or hold your data where there is a lawful reason. These are set out in the GDPR Article 6.

- Where you have given your free and informed consent
- The processing is necessary in the legitimate interests of the processing organisation, if it does not conflict with your rights
- The holding or using of the data is needed to carry out a contract which you are a party to
- It is needed to carry out a legal obligation
- The holding or using of the data is needed to protect the vital interests of someone else
- It is needed to perform a task carried out in the public interest

# Employment Law

Employment law in Ireland is very heavily based on EU law, however constitutional law, legislation and common law also apply here.

Some examples of law that govern employment relationships include:

- Unfair Dismissals Acts 1977-2015
- Organisation of Working Time Act 1997
- Employment Equality Acts 1998-2015
- Payment of Wages Act 1991
- Protected Disclosures Act 2014

## Basic Requirements

Employees must be given a written statement of the core elements of their contract within five days of starting employment. This includes pay, hours of work and place of work. The remaining information must be given within the next five months.

Employers that do not comply with this requirement will be fined up to 5,000 euro or imprisonment of 12 months, or both.

The National Minimum Wage is the minimum hourly rate of pay for an adult. The standard national minimum wage for adults now is 12.70 euro per hour. There are exceptions for those under 20 years old.

- 19-years-old: 11.43 euro (90%)
- 18-years-old: 10.16 euro (80%)
- Under 18-years-old: 8.89 euro (70%)

## Sick Pay Entitlements

Since 2024, there has been an entitlement of five days of sick pay per year. Sick pay is paid by an employer at 70% of normal pay up to 110 euro a day. You must have worked with your employer for at least 13 weeks before being entitled to sick pay. In 2025, the entitlement to sick pay leave will increase to seven days a year and in 2026, the entitlement will be ten days per year. Note that a GP must certify an employee as being unable to work. Full time employees are entitled to 20 days paid annual leave per year. Likewise, there are 10 statutory public holidays.

## Holiday Entitlements

Most employees in Ireland are entitled to 4 weeks' annual leave each year. This is paid time off work. This is set out in the Organisation of Working Time Act, 1997. An employer might give you more annual leave than these 4 weeks. Statutory leave such as maternity leave and paternity leave does not affect this entitlement. The statutory leave year runs from 1 April to 31 March. However, businesses may use the calendar year for administrative purposes. Part-time workers generally get 8% of the hours they work instead.

## Working Time Restrictions

The maximum number of hours an employee can work per week is 48 hours per week. The Organisation of Working Time Act 1997 stipulates that employees are entitled to a break of 15 minutes after working four and a half hours, or a break of 30 minutes after working six hours and above. Employees are entitled to a daily rest break of 11 consecutive hours in every 24-hour window and at least one 24 hour rest break per week. Generally, there is an entitlement to a premium payment for Sundays worked and the employment contract should state whether the pay is inclusive of this Sunday premium.

### **Termination of Employment**

There is a minimum notice period for termination of contracts of employment. The notice of duration is determined by the employees' period of continued service and is between one week and eight weeks.

Employers must give employees the following statutory periods of notice:

- 13 weeks to two years' service: one week's notice
- Two to five years' service: two weeks' notice
- Five to ten years' service: four weeks' notice
- Ten to 15 years' service: six weeks' notice
- 15 or more years' service: eight weeks' notice

An employee must have cause to dismiss an employee. Under the Unfair Dismissals Act 1977 to 2015, the dismissal is seen as fair if it is for issues of:

- Conduct
- Capability
- Competency
- The employee's on-going employment being contravention of statutory provisions

### **Redundancy Entitlements**

If an employee is made redundant and has two years continuous service with the employer, they will be entitled to a statutory redundancy payment of two weeks' pay per year of service plus an extra week's pay, with a weekly maximum of 600 euro. Many employers offer increased redundancy provisions in return for a waiver that waives the employee's right. The selection of employees for redundancy must be made objectively and choices must not be made unfairly.

### **Right to Disconnect**

A Code of Practice on the right to disconnect was published by the Workplace Relations Commission in 2021 which gives employees the right to disconnect outside of working hours. Employers cannot penalise employees for refusing to work outside of their agreed working hours and need to respect the right to disconnect. This right to disconnect applies to all type of work location whether at home or in an office.

### **Employment Equality**

The Employment Equality Act 1998-2015 prohibits discrimination on nine grounds: gender, family status, membership of the travelling community, civil status, race/nationality, age, disability, sexual orientation and religion. Anyone who has been dismissed on any of these grounds has the right to bring a claim for discriminatory dismissal and can obtain remedies such as compensation, re-engagement or re-instatement.



### Whistleblowers Protection

The Protected Disclosures Act 2014 was introduced to provide a large range of protections for whistleblowers. A protected disclosure is defined as a disclosure made by an employee or worker of information that shows “relevant wrongdoings” have taken place in a workplace.

“Relevant wrongdoings” includes: committing a criminal offence, a threat to the health and safety of an individual, a miscarriage of justice, failing to comply with a legal obligation other than one arising under the workers contract of employment; damage to the environment, unlawful or improper use of public funds or resources or an act or omission by a public body that is oppressive, discriminatory or grossly negligent. These eight “relevant wrongdoings” are extremely broad and afford notable protection to the whistleblower. If an employer penalises an employee for whistleblowing, the employee can be awarded compensation up to five years’ salary.

### Maternity and Paternity Leave

Female employees can access 42 weeks maternity leave in Ireland. The employee can get a maternity allowance paid by the government for the first 26 weeks of maternity leave.

Male and female employees are also entitled to up to 26 weeks of unpaid parental leave.

Maternity benefit is a payment for employed pregnant women to help support them through maternity leave. Qualifying for maternity benefit depends on the level of PRSI contributions that an individual has paid.

The Carers Leave Act 2001 allows for the entitlement of an employee to take unpaid leave to a person who needs care. The maximum period of time that a person may take is 104 weeks. The minimum length of time a person may take is 13 weeks. The employee must have worked for a year continuously with the employer before the commencement of leave.



## **Trade Unions**

A trade union is an organisation that represents and protects the rights and interests of its members. The main umbrella organisation for trade unions in Ireland is the Irish Congress of Trade Unions (ICTU). The main legislation that governs trade union law here is Industrial Relations Act 1990 to 2015 and the Unfair Dismissals Acts 1977 to 2015.

Employers are not obliged to recognise a trade union under Irish law. An employee is always entitled to join a trade union, however there is no obligation on the behalf of the employer to negotiate with the trade union.

Overall, trade union membership is extremely low, particularly among multinationals. Unions are more prevalent among the public sector than the private sector.

There is specific legislation that allows for the formation of work councils in Ireland, like in the rest of Europe, however in practice they are rare. An employer may be obligated to form a European works council if it is a community wide group with 150 employees or more in two or more EU member states under the Transnational Information and Consultation of Employees Act 1996.

The Employees (Provision of Information and Consultation) Act 2006 does not require an employer to establish a works council. However, if undergoing undertakings with 50 or more employees, it obliges them to enter into a written agreement with employees to set down formal procedures to inform and consult with employees. This may only be triggered if a written request is made by 10% of employees, but not less than 15 to the employer.

## **Pensions**

In Ireland, there is no requirement that you as an employer operate a pension scheme to your employees at present. If you do not operate a pension scheme though, you need to ensure that your employees have access to a Personal Retirement Savings Account (PRSA).

There are large changes this September in terms of pensions with the Auto-Enrolment Retirement Savings Scheme. Otherwise known as the Future Fund, employees will be automatically enrolled for those aged 23-60, earn over €20,000 per year, and aren't already part of a workplace pension scheme. The employee and employer will contribute 1.5% of the salary each.

Pensions in Ireland are regulated by The Pensions Authority.

## **Business Transfer Protection**

Irish employees are offered protection from dismissal if there is a transfer of undertaking. For example, if you purchase a business or part of a business, the employees' contracts of employment automatically transfer to you. As a result, dismissals connected to a transfer of a business will be unfair. The law here is primarily governed by the European Communities (Protection of Employees on Transfer of Undertakings) Regulations 2003. If there is a transfer of undertakings, the new employer must take on the existing employees of the business.

### Work Visas and Permits

To work in Ireland, a non-European Economic Area (EEA) national, unless they are exempted, must hold a valid employment permit, as per the Employment Permit Act 2024. The EEA comprises the Member States of the European Union together with Iceland, Norway and Liechtenstein. You can apply for an employment permit on Employment Permits Online.

If an employee has held valid employment permits for a consecutive period of five years or more, as well have been working lawfully during that time, the employee may be eligible to apply for Stamp 4 immigration status from the Department of Justice allowing you to work in the State without requiring an employment permit.



There are several groups of workers who are exempted from this. This includes:

1. The Van der Elst Case. This is where non-EEA workers legally employed in one Member State who are temporarily sent on a contract to another Member State, the employer does not need to apply for employment permits in respect of the non-nationals for the period of contract.
2. A non-EEA national may be granted permission to remain in the state on grounds such as:
  - a) explicit permission from the Department of Justice to remain resident and employed in the State
  - b) permission to remain as spouse/civil partner or a dependant of an Irish/EEA national
  - c) permission to remain as the parent of an Irish citizen
  - d) temporary leave to remain in the State on humanitarian grounds, after having been in the Asylum process

All non-EEA nationals need to obtain an employment permit in order to work here. It is an offence under the Employment Permits Act 2003 and 2006 for an employee and employer to work and employ an individual without an employment permit. The fine for employing a non-EEA national without an employment permit is significant: a fine of 250,000 euro or ten years imprisonment. Those with an employment permit may only work in the activity specified in the permit. Any EEA national may work in Ireland without an employment permit.

## Thinking about doing business in Ireland? **VANTRU is here to help.**

With deep local expertise and a global outlook, we support companies at every stage, from initial setup and regulatory compliance to day-to-day administration. If you're planning to expand or establish operations in Ireland, speak to our team for practical, reliable guidance tailored to your needs.



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