



# **DOING BUSINESS IN IRELAND**



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# OVERVIEW

Businesses from throughout the world have been drawn to Ireland. It is understandable that so many businesses are thinking about conducting business in Ireland given its strong economy, kind tax laws, and highly qualified workforce.

The fact that Ireland has one of the lowest corporation tax rates in all of Europe is one of the main benefits of conducting business there. Due of this, global firms wishing to build their European headquarters have found Ireland to be a desirable location.

The highly educated and talented workforce in Ireland is another benefit of conducting business there. The nation has a long history of education and training, and there are several institutions and colleges that provide business and technological courses.

Ireland has seen significant economic growth in recent years, making it a desirable location for international investors looking to conduct business. However, it is essential to comprehend the business culture, legal system, and regulatory environment of Ireland before starting any company operation there.



# ECONOMIC OVERVIEW

Ireland's economy has seen a significant shift in recent years, emerging as one of the continent's most inventive and dynamic.

An important factor in Ireland's economic success has been foreign investment. Ireland has been successful in luring sizable amounts of foreign direct investment ("FDI") throughout the 1990s, notably from businesses in the technology and pharmaceutical industries. This flood of FDI has aided in employment growth, export growth, and innovation stimulation across a wide range of industries.

But in the aftermath of Brexit, the Irish economy is dealing with serious difficulties. Any modifications to commercial relations between Britain and Europe will have a special impact on Ireland because of its near proximity to the UK. Many Irish firms are worried about probable supply chain disruptions, higher export duties, and restricted access to UK markets.

Ireland is nevertheless well-positioned for long-term economic development and prosperity despite these difficulties. Ireland is well-positioned to continue luring foreign investment while also weathering any potential Brexit repercussions because of its highly qualified workforce, welcoming business environment, and strong connections to international markets.



# FDI POLICY

"FOREIGN DIRECT INVESTMENT(FDI)"has played a significant role in economic growth and development. This pattern is not exclusive to Ireland. Ireland has actively positioned itself as a desirable location for FDI since the 1950s, with a variety of incentives and regulations intended to draw foreign investment. The FDI strategy of the Irish government was essential in shifting the nation's economy from one dependent on agriculture to one that is knowledge-based.

In the section on historical context, it will be discussed how Ireland's early success in luring foreign investment was largely down to its low corporate tax rates, which were among the lowest in Europe. As a result, US multinational corporations looking to enter the European market made large investments. But over time, other elements like political stability and the availability of trained labour have grown in significance.



# KEY SECTORS

Ireland has had substantial economic growth recently, which may be linked to its flourishing commercial sectors. The tourist business and the pharmaceutical sector are two of the major industries that have contributed to this expansion. The Irish economy has been significantly shaped by these two sectors throughout the years, creating job possibilities for thousands of people.

- ☑ **TOURISM INDUSTRY:** One of the main industries in Ireland that propels the nation's economy is the tourism sector. Ireland has gained popularity as a travel destination for travellers from all over the world thanks to its beautiful scenery, rich cultural heritage, and welcoming people.
- ☑ **PHARMACUTECIAL INDUSTRY:** Ireland's pharmaceutical industry has made a considerable economic contribution to the nation. Over time, the industry has experienced fast growth as a result of the establishment of several international corporations in Ireland. One of Ireland's most significant industries, the pharmaceutical sector accounts for 50% of exports.





# ADVANTAGES OF DOING BUSINESS

~ **Business-friendly climate:** Ireland's business-friendly climate attracts businesses, making it a desirable destination. The nation has a solid legal system that safeguards enterprises, transparent laws, and stable political leadership. Ireland has frequently placed highly in worldwide rankings for business-friendliness, underscoring the country's supportive climate.

~ **Market Access:** Ireland's participation in the EU gives companies access to a market of more than 450 million people. This makes it possible for businesses based in Ireland to take advantage of the EU's single market, which permits unrestricted trade in goods, services, money, and labor between member states.

~ **Attractive corporation Tax Regime:** Ireland's corporation tax rate is one of the lowest in the EU and is competitive. Numerous international corporations have established their European headquarters or regional offices in Ireland due to the usual corporate tax rate of 12.5%.

~ **Highly Skilled Workforce:** Ireland has a workforce that is highly educated and skilled. A talented talent pool is produced through the nation's high-quality education system, which includes universities and technical institutes and places a great focus on education.

~ **Strong Innovation Ecosystem:** The research, development, and innovation sectors are all supported by Ireland's thriving innovation ecosystem. The nation is home to a large number of research facilities, technological parks, and incubators that promote interaction between commercial enterprises, academic institutions, and research institutes.

# MINIMUM ELIGIBILITY CRITERIA

**LEGAL REQUIREMENTS:** Companies must adhere to a variety of legislative criteria in order to conduct business in Ireland. Failure to abide by these standards might result in serious penalties as they are intended to safeguard both enterprises and consumers. In order to conduct business in Ireland, you must register with the "Companies Registration Office (CRO) which is one of the most crucial regulatory requirements. This entails presenting yearly returns and financial statements, as well as specific information on the company's directors, stockholders, and other significant individuals. Fines or even criminal charges may be levied for failure to register with the CRO.

**FINANCIAL REQUIREMENTS:** Ireland has some financial requirements to conduct business. These requirements include proving a good financial situation and having a thorough awareness of Irish tax rules and regulations. This can be accomplished by demonstrating sufficient funds or by having a track record of excellent financial management. To effectively compete with other firms, it is furthermore critical to have a grasp of the regional market and client preferences.

Making sure that all taxes are paid on time and in full is a crucial part of being financially qualified. Failure to do so may lead to fines and legal action, which might harm the company's brand and financial success. Businesses must also show that they have adequate insurance coverage to defend themselves against conceivable liability claims.



# PROCEDURE TO SETUP BUSINESS IN IRELAND

**STEP 1:** Decide on your business's legal structure, such as a sole proprietorship, partnership, or limited liability corporation. Think about things like ownership requirements, tax ramifications, and liability.

**STEP 2:** Pick a name for your company that is both original and pertinent and fits with Irish naming conventions. Consult the CRO to see if the desired name is available

**STEP 3:** Make sure to register your firm with the CRO if you decide on a limited company structure. Prepare the required paperwork, including the memorandum and articles of organization, the completed forms, and the information on the directors and shareholders.

**STEP 4:** Provide an Irish address for your registered office where you can receive official communications. Your company's location or the address of a registered office service provider may be used as the address for this address, which must be a physical address in Ireland.

**STEP 5:** Set up a bond or appoint at least one director who must live in the European Economic Area ("EEA"). A company secretary, who may be a human or a corporate body, must also be chosen.

**STEP 6:** Register your company with the Irish Revenue Commissioners for tax purposes. This entails registering for appropriate taxes, such as corporate tax, VAT (Value Added Tax), and employer's PAYE (Pay As You Earn), as well as acquiring a Tax Registration Number ("TRN").

**STEP 7:** Ensure that you meet your responsibilities as an employer, including filing payroll taxes, offering employment contracts, and abiding by labor laws and regulations, if you want to hire staff.

**STEP 8:** Check to see whether your company needs any special licenses or permissions in order to operate lawfully. Do your homework and get the required nods from the relevant authorities or regulatory agencies.

**STEP 9:** For the purpose of managing your financial transactions, open a business bank account in Ireland. Give the necessary papers, including information on the company's registration and proof of identity for account signatories.

**STEP 10:** Learn about and abide by all legal and regulatory standards relevant to your industry and business operations,

# TAXATION POLICY

In recent years, doing business in Ireland has grown in popularity, with many businesses preferring to locate their European headquarters there. Understanding the tax system, particularly with regard to corporate tax rates, is a crucial component of conducting business in Ireland. The corporate tax rates in Ireland are renowned for being comparatively low when compared to those in other nations. Ireland's normal corporate tax rate, which hasn't changed since 2003, is 12.5%. This low rate has played a significant role in luring international investment and fostering economic expansion. The low corporate tax rate in Ireland has drawn criticism, notably from other EU members who believe it offers Irish firms an unfair advantage. Concerns about multinational corporations evading their due share of taxes by utilising complicated tax structures and loopholes have also been raised.

**IRISH CORPORATION TAX RATES:** The international community has long debated and scrutinised Ireland's company tax rates. Numerous international firms have established offices inside the nation's boundaries as a result of the comparatively low tax rate, leading to tremendous economic growth and job prospects. But this has also prompted claims that Ireland is engaged in unfair competition with other EU members by giving foreign businesses preferential tax status.





# ACCOUNTING STANDARDS

**GAAP AND IRISH ACCOUNTING STANDARDS:** Understanding the distinctions between Generally Accepted Accounting Principles ("GAAP") and Irish Accounting rules is crucial to comprehending the accounting rules for conducting business in Ireland. Irish Accounting Standards are exclusive to Ireland and closely resemble International Financial Reporting Standards ("IFRS"), whereas GAAP is a collection of rules utilised in the United States. Companies operating in both nations may find this confusing since they may need to comply with several sets of rules depending on where they are doing business.



# EMPLOYMENT AND LABOUR LAWS

The minimum wage is one of the most divisive topics in Irish employment and labour regulations. Ireland's minimum wage regulations have long been a source of contention, with some saying they are too high and others saying they are too low. Ireland's current hourly minimum wage of €10.20 is greater than that of the majority of other European nations. On January 1st, 2021, this wage was raised from €9.80 per hour. The National Minimum Wage Act's implementation in 2000 brought about a major transformation in Ireland's labour market. This law established a minimum wage that no business was permitted to pay its employees below. It attempted to safeguard workers from exploitation by dishonest employers and guarantee that everyone received an acceptable wage for the labour they performed. Nevertheless, despite the fact that this legislation has been in effect for more than 20 years, many workers continue to earn less than the minimum wage for a variety of reasons, such as underreporting of hours worked or noncompliance on the part of some employers. Additionally, others contend that given the high cost of living in places like Dublin, even with a raise of €10.20 per hour, it is still insufficient to ensure a respectable quality of life.





# HOW WE CAN HELP?

Chandrawat and partners understand the challenges and opportunities associated with expanding the business into new markets. The firm offers a range of services to support market entry and beyond. The team's expertise extends to various aspects of establishing and operating successful businesses in Ireland. Here's how the firm can assist:

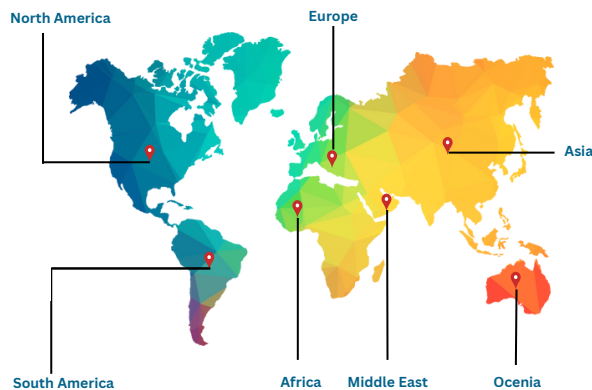
**MARKET ENTRY ADVISORY:** Our team provides tailored guidance for companies planning to grow and expand or relocate their business to Ireland

**BUSINESS SETUP AND FORMATION:** the firm assists in navigating the process of setting up and forming business in Ireland our team provides support in selecting suitable locations and developing tax structures and ensuring compliance with local regulations

**MARKET RESEARCH AND ANALYSIS:** Our team of experts conduct in depth market research to provide valuable insights to our customers.



## SERVING CLIENTS WORLDWIDE



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