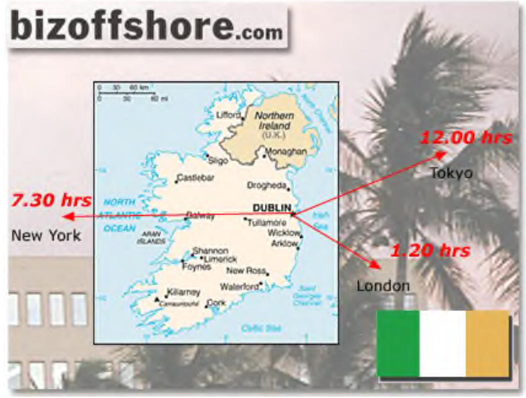
Ireland

Overview

Since the establishment in 1987 of the International Financial Service Centre (IFSC) in Dublin as a quasi-“offshore” development zone, Ireland has grown to become, after Luxembourg, the second largest offshore financial centre in Europe. Over the last 15 years Ireland has been exceptionally successful in attracting international financial services companies to locate there. Today, more than 450 international institutions operate out of Ireland – more than half the top 50 global financial institutions have offices in the country, and over 8,600 people are employed in its asset management industry Assets under management domiciled in Dublin increased by 37% in 2003, with funds standing at $768bn (E636bn) in June 2004.



Current Time

[World Time Server]

Country Motto

None

Online News Sources

The Irish Independent: www.unison.ie/irish-independent/
The Irish Times: www.ireland.com/newspaper

Business Environment

Ireland offers an excellent business infrastructure with good tele-communications; this coupled with the widespread use of the English language, membership of the European Union, and the pro-business attitude of the Irish regulatory authorities makes the country a very convenient and effective business base.

Irish company law is contained in the Companies Acts 1963 – 1990. Any overseas company may operate in Ireland as a branch, but must register with the Registrar of Companies under Part XI of the Companies Act 1963. Since 2000, it has been a requirement that Irish companies need at least one resident director, or must deposit an insurance bond with the Registrar. As from 1st October 1999, the Finance Act 1999 renders all Irish incorporated companies resident, subject to certain exceptions.

It is not necessary to establish a separate subsidiary in order to carry out corporate financial functions in the IFSC; there are agency companies and 'shared service centres' which provide certificated services to overseas client corporations for a number of the more usual corporate functions

The term 'offshore' is not used in Irish legislation or in describing company forms. Use of the various special regimes available in the Shannon Free Zone, the Dublin IFSC, or through the 'Manufacturing Rate' of tax, or via a non-resident company are the main ways of achieving offshore treatment, although all these regimes have effectively been superseded by the introduction of a nation-wide corporation tax rate of 12.5% as from 2003.

In 2003 regulation of the financial sector was consolidated under the Irish Financial Services Regulatory Authority (IFSR), set up under the Central Bank of Ireland. The IFSR governs financial sectors including funds, banking and insurance as well as consumer protection. A financial service ombudsman has been created to manage customer complaints. But since the new regulator effectively operates within the Central Bank, many commentators feel that little has changed The Central Bank and Financial Services Authority of Ireland Act 2004 which came into effect on 1 August 2004, gave the IFSR power to impose administrative sanctions where financial service providers have been found to be non-compliant with legislation or regulatory requirements.

Taxes

The corporate tax rate is 12.5% (2004). A 25% rate applies to passive income and income from certain land dealing activities, mining and petroleum activities. A special 10% rate applies to 'passive income' and income from defined land-dealing activities, mining and petroleum. A 10% rate applies to active trading income from defined existing manufacturing companies and the qualifying income of International Financial Services Centre and Shannon-based companies. The special rate will expire between 2003 and 2010 (depending on the type of company in question and when it received approval for the 10% rate) and will be replaced by the standard 12.5% rate. Capital gains are taxed at 20%. Exports are zero rated for value-added tax (VAT), except those to unregistered persons in the EU. Companies that export 75% or more of their output can apply to the Revenue Commissioners for authorisation to receive almost all of their goods and services from Irish and foreign suppliers free from any VAT. Ireland is a member of the EU and all border controls between member countries have been eliminated under the Single European Market that allows duty free importation of goods from other EU countries. Goods imported from outside the EU are subject to customs duty at the rate set by the EU's Common Customs Tariff. Source: Government of Ireland and KPMG.

Repatriation of profits
A withholding tax of 24% applies to dividends and other profit distributions made by an Irish tax resident company. An exemption is available in the case of payments to certain shareholders including:

- Irish tax-resident companies;
- charities and pension funds;
- certain collective investment funds;
- certain employee share ownership trusts;
- certain residents of the EU member states or tax treaty countries;
- certain companies and individuals that are residents of the EU member states or tax treaty countries.

Double tax agreements
Ireland has 44 double taxation agreements with Australia, Austria, Belgium, Canada, Chile, China, Croatia, Cyprus, the Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Israel, Italy, Japan, Latvia, Lithuania, Republic of Korea, Luxembourg, Malaysia, Mexico, the Netherlands, New Zealand, Norway, Pakistan, Poland, Portugal, Romania, Russia, Slovak Republic, Slovenia ,Spain, South Africa, Sweden, Switzerland, the UK, the US, and Zambia.

Stock Exchange

The Irish Stock Exchange operates the Irish market in equities and government bonds and is under the supervision of the IFSR. It is a key element of the financial infrastructure of Ireland. In recent years the Exchange has established a leading position globally in mutual and investment funds and specialist securities listings.

The Irish Stock Exchange ISEQ overall index at 31 August 2005 was 6,672.28, a 7.74 % increase from the end of 2004. The Equity Market capitalization was €86.40 billion as at 31 August 2005.

Key Contacts

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Internet: www.ise.ie

Key Stats

Country Description
Republic of Ireland (Eire); Population: 4,015,676 (July 2005 estimated). Capital: Dublin

Currency (September 2005)
US$1 = €0.80 euro

Legal system
Based on English common law substantially modified.

Government:

Parliamentary democracy. Consists of a president and a bicameral Parliament called the Oireachtas, made up of the House of Representatives, the Dail Eireann, and the Senate, the Seanad Eireann. The Senate can suggest amendments to legislation passed by the Dail, but cannot permanently block legislation. Senate elections are held no later than 90 days after the Dail's dissolution. The president is elected for a seven year term. The 166 members of the Dail are elected for a five-year term by proportional representation (single transferable vote) in multi-seat constituencies. The president formally appoints the prime minister (the Taoiseach) after he or she is chosen by vote in the Dail. The prime minister appoints a cabinet of a minimum of seven and a maximum of 15 members. Under the Constitution, a successor government can be formed without a general election where a government ceases to retain the support of a majority in Dáil. Of the 60 members of the Seanad, 11 are nominated by the prime minister, six are selected by the universities, and 43 are elected from five vocational panels soon after the parliamentary elections.

Executive
President: Mary McAleese of the Fianna Fail (FF). The president is elected for a seven year term by the people. In 2004 McAleese was the sole candidate, so no elections took place. The government is formed by the FF and Progressive Democrats.
Prime minister: Bertie Ahern of Fianna Fail (re-elected in May 2002)

Politics
The minority centre-right coalition government of Fianna Fail and Progressive Democrats have been in power since elections in June 1997. In the elections held on 17 May 2002 Fianna Fail won 80 seats in the 166-seat parliament and the Progressive Democrats won eight seats. Fine Gael won 31 seats, down from 23 in 1997, Labour won 21 seats, the Greens six seats, Sinn Fein five seats, and independents 14.

Economy: Ireland is a small, modern, trade-dependent economy with growth averaging a robust 7% in 1995-2004. Agriculture, once the most important sector, is now dwarfed by industry and services. Industry accounts for 46% of GDP, about 80% of exports, and 29% of the labor force. Although exports remain the primary engine for Ireland's growth, the economy has also benefited from a rise in consumer spending, construction, and business investment. Per capita GDP is 10% above that of the four big European economies and the second highest in the EU behind Luxembourg. Over the past decade, the Irish Government has implemented a series of national economic programs designed to curb price and wage inflation, reduce government spending, increase labor force skills, and promote foreign investment. Ireland joined in circulating the euro on 1 January 2002 along with 11 other EU nations.(Source CIA- The World Fact Book)

Gross Domestic Product (2004 estimated)
GDP real growth 5.1%.
Balance of payments (2004)
Deficit €32,985 million.

Inflation rate (CPI) (2004 estimated)
2.2%

Labour force (2004 estimated)
1.92 million workers. Unemployment: 4.3%

Government financial year: calendar year

Public holidays (2005)
2 January; 17 March (St Patrick’s Day); 25 March (Good Friday); 28 March (Easter Monday); 2 May (Bank holiday); 30 May (bank holiday); 29 August (summer bank holiday); 25 December (Christmas day –27th is a holiday); 26 December (St. Stephen's Day).

Time Zone
GMT. The clock goes forward one hour at 1:00 on the last Sunday in March and back to normal time at 1:00 on the last Sunday in October.

Restaurant Guide

We Recommend:

Brownes Brasserie

The Commons Restaurant

Eden

Les Frères Jacques

La Stampa

L’Ecrivain

Patrick Guilbaud

Peacock Alley.