THE ADVANCED DIPLOMA IN INTERNATIONAL TAXATION

June 2025

MODULE 2.06 – IRELAND OPTION

ADVANCED INTERNATIONAL TAXATION (JURISDICTION)

TIME ALLOWED – 3¼ HOURS

This exam paper has **three** parts: **Part A**, **Part B** and **Part C**.

You need to answer **five** questions in total. You will **not** receive marks for any additional answers.

You must answer:

- **Both** questions in **Part A** (25 marks each)
- **One** question from **Part B** (20 marks)
- **Two** questions from **Part C** (15 marks each)

Further instructions

- All workings should be made in euros, unless otherwise stated. Any monetary calculations should be made to the nearest whole euro. Any necessary time apportionments in your calculations should be made to the nearest whole month.
- You must provide appropriate line breaks between each question, and clearly indicate the start of each new question using the formatting tools available.
- Marks may be allocated for clarity of presentation of your answers.
- The time you spend answering questions should correspond broadly to the number of marks available for that question. You should therefore aim to spend approximately half of your time answering Part A, and the other half answering questions in Parts B and C.
- There is no separate reading time, so you can start typing your answers as soon as the exam begins. However, we recommend that you set aside some time to thoroughly read each question and plan each of your answers.

PART A

You are required to answer BOTH questions from this Part.

1. Ireland has often been regarded as a favourable location for the establishment of holding companies by multinational enterprises.

   You are a tax manager in the Irish office of a global advisory firm. One of the firm's clients is considering establishing a holding company in Ireland.

   You are required to prepare, for the client, a summary report on the main features of Ireland as a holding company location from a tax perspective.

   Your report should consider recent OECD, EU and Irish tax law developments, and should address, among other things, how trading and passive income are taxed as well as capital gains arising. (25)

2. "Changes to the United Kingdom's non-dom rules could result in wealthy elites moving their tax residence to Ireland."

   Alan Murray, Irish Times, 29 January 2024

   You are required to:

   1) Explain the concept of domicile and how it affects income tax planning for individuals in Ireland. (10)

   2) Explain why 'wealthy elites' might move their tax residence to Ireland as the headline suggests. (5)

   3) Provide one reason why domicile and tax residency may affect the inheritance tax rules in Ireland, and any differences in the treatment between those who are domiciled and those who are non-domiciled in Ireland. (10)

   Total (25)

PART B

You are required to answer ONE question from this Part.

3. You are a tax manager in a global firm with a multinational corporation, Voila GmbH, as a client. Voila GmbH is incorporated in Germany and quoted on the German stock exchange. It has an Irish incorporated subsidiary company, Voila Irlandia.

The chief financial officer (CFO) of Voila GmBH has requested Irish tax advice on the residence of Voila Irlandia, which is an Irish registered company incorporated on 1 January 2021. Voila Irlandia acts as a regional sub-holding company, owning other group companies across Europe and Asia as well as a subsidiary in Bermuda. Voila GmBH. also owns another Irish company, Voila Trading Ltd, which engages in manufacturing activities in Cork.

Voila Irlandia regularly receives dividends from the group companies that it owns, and in turn pays dividends to Voila GmBH. Voila Irlandia's quarterly board meetings have, since its inception, been hosted in Dublin and held virtually via telephone for administrative ease. Voila Irlandia employs a third party service provider in Germany to provide administrative and accounting services.

Voila Irlandia's board is composed of the following individuals:

- Isabelle Viggiano, the executive director of Voila Irlandia and an Irish resident, who has worked for the Voila group for the last 12 years. She attends the board meetings in Ireland.
- Nate Vaniman, the head of European operations for the Voila group, who is resident in Germany. He attends the board meetings virtually.
- Two Bermuda-resident chartered accountants, Paula and Martina, who have retired from audit practice and now hold several non-executive directorships. Both directors attend the board meetings virtually.

Voila Irlandia's board meetings always have a full agenda. Martina and Paula are generally outvoted on contentious issues of strategy and risk.

You are required to prepare a memorandum to Voila GmBH's CFO, addressing:

1) **The tax residence of Voila Irlandia. For these purposes, you should assume that the Germany-Ireland double tax agreement (DTA) follows the OECD Model Tax Convention.** (7)

2) **Any recommendations for improvements if the group wants to avoid any DTA-related challenges.** (6)

3) **Any capital gains tax implications for Voila Irlandia if the group decides to relocate the company's manufacturing and holding activities to Germany.** (7)

Total (20)

4. Hollytown Ltd is a company in the United Kingdom, whose main business is the distribution and installation of air conditioning equipment. It has been trading in the UK for several years and has recently acquired distribution rights to two of its main product lines with geographic coverage over the UK and Ireland.

Initially only the managing director will be spending time in Ireland meeting customers and setting up potential opportunities. However, within a short period of time he will need support and the company's management team intends to send two or three UK-based salespeople to Ireland to further develop sales opportunities there. The two product lines that will be sold in Ireland require installation and commissioning, which will require technicians to carry out installations at each customer's premises.

The management team sees a lot of potential in the Irish market and wants to ensure that the company does not breach any rules when it comes to tax compliance.

You are required to:

1) **Explain the tax implications for Hollytown Ltd of its planned move into the Irish market.** (8)

2) **Outline the implications for UK-resident employees who are posted to conduct sales or installation work in Ireland.** (4)

3) **Provide any suggestions for streamlining Hollytown Ltd's current structure to facilitate future growth and tax efficiency.** (8)

Total (20)

PART C

You are required to answer TWO questions from this Part.

5. Your client is JoJo SARL (JJS), a French company engaged in the manufacture and sale of sustainable garden furniture. JJS has been very successful in achieving sales in France, Belgium and the United Kingdom, and now plans to expand to Ireland. The board of JJS recently approved an investment of €50 million to expand into Ireland.

   Achieving a significant market share in Ireland is expected to take significant time and extensive marketing investment, through either an Irish branch or subsidiary, and it may take several years for the Irish operation to be profitable. It is expected that two sales personnel will initially be employed in Ireland, and this number is expected to grow to 15 by year two.

   JJS's sales in Ireland are forecast to total €20 million for year 1 and €30 million for year 2.

   You have been requested to advise on the following:

   1) Whether JJS should set up a branch or incorporate a subsidiary in Ireland; and (10)

   2) Any transfer pricing considerations that may arise from JJS's Irish expansion. (5)

   Total (15)

6. Fogarty Ltd is an Irish-resident trading company with subsidiaries or trading operations in several OECD countries, each of which has a double taxation agreement with Ireland based on the OECD Model Tax Convention.

   For each of the transactions outlined below, you are required to outline the withholding tax obligations only for the payer company. You are required to analyse the relevant articles of the OECD Model Tax Convention in each case, but you are not required to prepare any calculations.

   1) Fogarty Ltd owns 20% of a company in Czechia, Max sro. During 2023, Max sro paid a dividend to Fogarty Ltd. Under Czechia's domestic tax legislation, a 30% withholding tax obligation arises on the payment of dividends. Fogarty Ltd does not have any other business interests in Czechia. (5)

   2) Fogarty Ltd has a branch in Croatia. Fogarty Ltd employees work in Croatia, selling hair care products to hairdressers and barbers as a wholesale supplier. Fogarty Ltd has lent money to an unrelated third-party company tax resident in Croatia, on which interest was paid to Fogerty Ltd at an annual interest rate of 5% in 2023. This is regarded an investment by Fogarty Ltd, independent of its branch activities in Croatia. Under Croatia's domestic legislation, a 20% withholding tax applies on interest payments. (5)

   3) Fogarty Ltd owns 100% of a trading company in the Netherlands, Alex B. V. Fogarty Ltd owns intellectual property which Alex B.V. uses for its business. Alex B.V. paid patent royalties to Fogarty Ltd in 2023. Domestic legislation in the Netherlands provides for a 15% withholding tax on the payment of royalties. Fogarty Ltd charges Alex B.V. a royalty of 10% of net sales, whereas it only charges third parties a royalty of 6% of net sales. (5)

   Total (15)

7. **You are required to use the applicable treaties between Ireland and the United Kingdom to illustrate what relief a tax treaty may provide to individuals.** (15)

8. **You are required to outline any policies and procedures that the Irish government has introduced to safeguard against situations in which a non-Irish resident individual could evade Irish tax on a transaction taking place in Ireland. Explain how the relevant policies and procedures operate, including at least three examples.** (15)