Answer-to-Question-_1_

summary of the main features of IE as a HOLDCO - trade , passive, CGT

The headline rate of corporation tax is 12.5% , rising to 25% for passive income/non trading income.

the capital gains tax rate is 33% on the difference between sales proceeds , less cost of disposal, acquisition based cost plus associated costs

no capital duty on the issue of new shares

ability to distribute profits out of Ireland free from tax provided certain conditions are met :

- domestic legislation
    - dividend 172D TCA - 75% subsidiary
    - Royalties 238TCA
    - interest - certain elections need to be made for the interest not to be considered a didtribution and therefore non deductible - TCA 130, 247,452
- parent subsidiary directive S831 - 5% , minimum period of 2 years
- wide network of double taxation treaty /agreement - 74 in place
- typically based on OECD model with relieving measures - Article 10 Dividens,11 interest,12 royalties -to reduce to the lower 15% or 5% where beneficial owner

on receipt of overseas income - Dividends, Interest, Royalties

- credits available of overseas withholding tax
- credits available for unilaterialy relief - tax payably in source country on underlying profita
- pooling of onshore credits - some rules
    - trade v non trade
    - treaty v non treaty
    - opton for carry forward

- detailed computational reules schedule 24 TCA
- tretmet of foreign dividends - case law FII GLO - taxable at trading rate of 12.5% with foreign credit - purpose is to align to domestic tax treatment of dividends , exempt as franked investment income

Ireland really focused on the set up here of companies holding Intellectual property "IP" to develop, maintain, exploite, enhance and protect "DEMPE":

- Capital allowances 291A TCA - broadly defined qualifying expenditure
- Knowledge development box -
  - one of the firct to comply with BEPS recommendatiosn
  - rate of 6.25%
- R& D tax credits - for qualifying expenditure , to achieve a technological advancemnet in the ares of tech uncertainty, an uplift of 25% is available in addition to the deduction of qualifying expenditure

There is the option to take "above the line " reduce operational spend or below the line and as a credit , improve the effective tax credit.
no longer any reference to base cost - 2013 tax year.

Global mobility - to incentivise key executives to move to Ireland ,
- SAFP - TCA 822
- Split yeat - 822 - employmet income taxable from date of arrival / departure - full year allowance/credits available
- FED - 823A
- TRANSBORDER RELIEF - 825A - condition 13 weeks , performed outside and taxable in releant territory - approtion total income by overseas income to calculate enhanced credit - "specified amount"

exit tax when leaving - option to pay in installemts for 10 years or when subsidiary sold , whichever is the earlier

Transfer pricing - option to approach the competant authority in ireland and agree advance pricing agreements "APA" for trading transactions

Introduction of country by counrty reporting "CBCR" TCA 891e
- threashold still quite high - 750 million
- documentation already in place from HQ/Home country can be used

some downsides to Ireland as Holdco
- complex rules to avail of the source country underlying tax
- complexity with uncertainty with Brexit
    - customs duty
    - foreign exchange flucations
    - opeartions - access to mainland Europe

OECD developments - BEPS

Ireland has moved to address the perception of tax haven
- changes to the residency rules - no longer possible to be "statless" - key element to achieving the double irish
- Introduction of transfer pricing rules to trading opeartions
- Action 3 of BEPS plan - strenghten anti avoidance legislation for Controlled Foreign Corporations in cased where the company is not set up for bona fide reasons

- eveloution of digital services tax will impact ireland tax based as largely seen to benfit holding company.

EU developments

- access to the EU trading block , free movemet of people and goods

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Answer-to-Question-_2__

1

A:the CAT scope to inheritance is as follows and only one needs to apply:

- Giver is resident / ordinarily resident
- Receiver is resident /ordinarily resident
- Irish property

there is a 5 year rule for CAT and domicile

Tommy moved to the UK in June 2019 , will remain Ordinarily resident and likely to be domiciled (origin) for 5 tax years after the move:

- likely in excess of 183 2019 = resident
- will remain ordinarily resident for 3 subsequent years - 2020, 2021 and 2022

Therefore the inheritance is within scope - beneficiary is ordinarily resident, irish property and disponer is likely both resident and ordinarily resident.

- transborder relief - remains working in Dundalk , commutes .. not resident

B:valuaton, rate and threashold

The CAT rate payable is 33% and Tommy has a group ii relationship to his uncle which means any inheritance in excess of eur32,500 is taxable

the value of the estate of eu150,000 will be reduced by 32,500 and tax at 33% payable -
a CAT return will be prepared and payment made to Revenue by the personal representative of the estate.

there is a reliving measure for CAT on gifts - business and agricultural relieft where the value of the estate is reduced by 90% and then the group threasholds apply.
However , in this case is not available as also a condition you work full time on teh farm to avail of the relief.

2)
As Tommy moved to the UK June 2019 , he is now likely UK tax resident.

Tax treatmet of future income of the farm - need to consider the UK-IE double tax treaty - article 6 (OECD model treaty) - immoveable property including a farm/agriculture , will be taxable in the other state

the income from the farm will be taxable in ireland in teh first instance. The income from teh farm will also be taxable in Tommy counrty of residence - UK with a credit for the tax paid in Ireland

If Tommy rents the farm - the rental income may be subject to withholding tax 20% - 1041 unless a resident collection agent is appointed.

3) no change to the assessment of 1 , - if Tommy uncle had lived

outside of the state for most of his life- irish property is in scope for CAT purposes

4) The UK Ireland tax treaty is one of the oldest and is tailored between the contracting states.
for the purpose of this answer will reference the OECD model treaty

- Articel 4 defines residency and has guidelines on approach to the tie breaker , where individual is consdiered a resident of both stated
- article 6 details the contrating states taxing rights as the source state
- article 23a/23b - outline the methods for eliminating double tax

the inheritance tax bi-latteraly agreemet contains an article allowing for the credit of tax in one state to be relieved against the other state

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Answer-to-Question-__4_

1) implications for a move to the irish market

- consider the requirement to register the branch for VAT - threasholds will apply for services in excess of eur37,500 or goods eur 75,000, required to register.
However as a non establihed trader, threasholds do not apply. CPH will have to apply to Revenue for a VAT number.
Cross border supplies from HQ to Brance can be zero rated as

business to business "b2b" where each party to the transaction has a valide VAT ID.
However, place of supply rules will change with the branch operating in Ireland.
The supply is a mix of services, rental and sale of equipment to business and private individulas - place of supply is IE with 23% irish VAT to be included on the invoice and remitted to Irish Revenue.
VAT on costs can be recovered

there will be a requirement to register the branch with the Companies Registration Office "CRO" in Ireland and notify irish Revenue

you should maintain seperate branch accounts with details of the HQ and branch transactions maintained seperately (similar to intra company transactiosn"

Need to consider the requirement to operate a payroll in Ireland for the managing director and - speciale rules for the employees present in the state for less than 60 days , 60 days and 183days , more than 183 days
concession available where team
-spend less than 183 days
- on the HQ UK payroll and all income is taxed at source
- UK TAX resident

Is the branch consdiered a fixed place of buiness , article 5 = permanent establishment and article 7 business profits ?
The nature of the service - digger and landscaping services would suggest work being done on immoveable property , article 6 , and therefore taxable in ireland with a credit available in the UK

2) implications for N Ireland team posted to work in Irish branch:

where an individual is present in the state for 183 days or more, they will become irish tax resident
if they become tax resident , they need to be mindful of the compliance requiremenst in ireland - self assessment to 31 December and file a tax reture by 31 October (November ROS)

also have CAT implications on becomeing resident in ireland on future benefits and inheritance

3) convert branch to subsidiary will be no tax cost and benefit as folows:

- headline rate is 12.5%
- divivends can be remitted to HQ free from withholding tax
- transfer of going concern - no VAT cost - S20 where both registered
- no stamp duty 79/80 - qualifying reorganise
- no CGT - 617 transfer of assets within a group

as the profits from operations in ireland will now be taxable at 12.5% , the retained earning can be used for investment purposes later on when the business is up and running , relatively to repratriate excess profits to HQ in N Ireland

the new subsidiary will have to pay and file a corporation tax return CT1 for each accounting year

As in option one - a VAT registration is required and domestic transaction need to have irish VAT at 23%

register for payroll taxes and moved the existing employees. needs to be done with TUPE in minde , rights of employees preserved where reorgansaition happen.

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Answer-to-Question-__7_

1.

the tax and social security contribution deducted from employment income is as follows:

tax/PAYE will be deducted at standard rate of 20% or higher rate of 42%
The higher rate kicks in once the standard rate threashold is exceeded
- individual is e32,500 at 20% and there after at the higher 42%
- married one income e42500 at 20% and there after at the higher 42%
- married two income 65,000 at 20% and there after at the higher 42%

credits are available to resuce the tax liability -
-personal allowances e1,650
-paye e1,650
- other allowances are also avaialble - age related credit e450

Pay related social insurance is also deducted - 4% above the weekly threashold. this contribution is used to fund future pension entitlement

Universal social charges are also payable up to 8%

the payroll system in ireland reports to the tax authorities on a real time basis - the monthly payroll is automatically sent through ROS

2. article 15 - relief available where
- receipient is less than 183 days in 12 month period
- paid by non resident employer
- remuneration not born by permanent establishment

3. the requirement to operate a payroll in Ireland is dependant on the days spent here and tax residency status - speciale rules are in place where the employees present in the state for 60 days and 183days in any 12 month period. More than 183 days the employee becomes tax resident.

concession available where employees
-spend less than 183 days
- on the HQ payroll and all income is taxed at source
- TAX resident in the country of origin

the assessmnet will change where the employer recruits locally as the tax residency condition is not satisfied

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Answer-to-Question-__8_

dear Jimmy - outlibe of the Irish tax residency rules and scope

the scope of Irish tax will depend on your tax residency status determined as follows:

where you are present in the state for 183 days or 280 days in two tax years , minimum of 30 days in each tax year, you will be irish tax resident

where you are tax resident for 3 consecutive tax years you will be considered ordinarily resident

as you were born in ireland your domicile is likely to be ireland , your domicile of origin. Domicile is not defined in the tax acts but is more a leagl concept of belonging. You can also change your domicile on reaching 18 and have a domicile of choice. There is also the concept of domocile of vital interests. however,this shold be kept under review as there is a degree of permanence creeping into your persoanl circumstances - less trips home, acquisition of an appartment in the UK, joining a UK golf club.

the scope of irish income tax to your circumstances will depend on the status of each for example

- where you are resident , ordinalily resident and domiciled you will be taxable on your worldwide income regardless of source

- where you are non resident, not ordinarily resident but domiciled you are taxable on irish source income only.

your status is also relevant for UK employment income , none of the duties performed in ireland will be out of scpoe

your consulting income case 1/2 income regardless of where performed will be in scope as long as you remain Irish Domociled, irish source

as you have retained links to ireland - Grace lives in Dublin, member of a golf club in dublin , part time employemt in Dublin , yuor domicile is likely to remin in ireland for the moment you should also be aware the UK Ireland Double tax treaty article 4 and residence, where you are considered resident of both states by virtue of the domestic tax provisions there is OECD guidence for tie breaker and consideratiosn where permanent home is, especially in the context of domicile

if your move to the UK is becoming more and more permanent you need to evaluate your domiclie status. this evaluation should consider any potential return to Irland in the future as it could trigger a review by irish revenue
by becomeing non domiciled you no longer be taxable on irish source income

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Answer-to-Question-___