

SETTING UP A LIMITED COMPANY IN IRELAND



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Why Setup a Limited Company in Ireland

The ongoing relationship of the UK with EU as a result of BREXIT continues to bring challenges to businesses.



Access to EU Market

where a significant number of existing customers, or sales activity, is between the UK/EU.



Brand Credibility

an Ireland based company can bolster trust and credibility with EU customers and partners



Proximity and Common Language

Ireland is geographically close to the UK, and with English being the common language, it allows access to the EU and VAT customs system with a language barrier



Custom Issues

VAT on import requirement to complete customs documentation.



Supplier issues

how are or will your suppliers be affected, will they pivot towards EU only customers, will prices impositions of tariffs and customs duties and fees for dealing with custom issues.



Access to EU Common Regulations and Free Trade Agreements

what will be the impact ongoing changes to rules on foods/goods standards?

Why Ireland?

Ireland is an ideal solution for UK- based businesses looking for solutions to challenges or opportunities or EU business.














Hence UK-based businesses considering their options should be evaluating what Ireland may offer in this respect.

Why Ireland?

The financial and business reasons that make Ireland an excellent option post-BREXIT include:

Added to that is Dublin's location - being no more than 1 hour's travel time from London- meaning that business meetings or other operational issues can be dealt with in an average working day.

Therefore in summary, incorporating a limited company in Ireland, dealing with companies and tax regulations, banks, employees etc., will not be completely unfamiliar, as most activities are broadly similar to that in the UK, but with local variations.

-  The Companies Act 2014 (the "Companies Act") makes it easier for a director to manage a company
-  Aside from the UK, Ireland is the primary English-speaking common law country in the EU
-  A 12.5% corporate tax rate
-  Comprehensive Double Taxation Agreements (DTA), currently signed with 74 countries
-  Common travel area with the UK, removing any visa requirements etc.
-  The quality, flexibility and skills of the work force i.e. 40% of the population live within 100kms of Dublin
-  A 12.5% corporate tax rate
-  Availability of Government grants and incentives for SMEs
-  Transparent judicial system
-  Strong intellectual property protection
-  The largest recipient of Foreign Direct Investment (FDI) in Europe, with a particular strength in its relationship with the US and US corporations
-  Excellent image as a reputable corporate domicile, and positive working relationship with EU and other markets.
-  Access to EU VAT Return submissions

What are the Key Steps to Setting Up in Ireland?

Ireland's ongoing relationship with the EU, as well as its close location and existing ties to the UK, a common language and comparable common law legal system, mean it is well placed as a potential solution for some aspects of business for UK based companies.

Therefore in this guide, we have tried to provide as much information for business owners to understand what is involved with setting up a presence in Ireland and what you can expect in terms of ongoing compliance and 'red tape' e.g.

- 1 Incorporating an Irish limited company
- 2 main statutory obligations after incorporation
- 3 key tax issues for a limited company and employees
- 4 available grants and government support
- 5 other business related issues

At Sakura we are able to assist you to make the move into Ireland as simple and straightforward as possible, using our Dublin subsidiary office to coordinate and manage this process for you, as well as using our existing knowledge of the marketplace and local relationships.



Should you have any further queries or questions, then please ask!

Damian Connolly FCCA
Managing Director

1. Incorporating an Irish Limited Company

General

When planning on establishing a presence in Ireland, it is important to choose the right trading structure for your business activities. Generally this will mean the incorporation of a wholly new Irish limited company, however an alternative may be to establish a local 'branch' of an existing UK business in Ireland (we will only cover a new limited company in this guide).

As always it should be noted that a company is a legal form of business organisation. It is a separate legal entity and, therefore, is separate and distinct from those who run it.



Incorporating an Irish limited company

Issues to consider (pre incorporation)

Registered office address

This is the address in Ireland to which Companies Registration Office (CRO) or Revenue Commissioner correspondence and/or all other formal legal notices addressed to the company will be sent

Address where the proposed activity of the company will be carried on

This must also be in Ireland; and

Address where the central administration of the company will be carried on

This may be outside Ireland.

Share Capital -

There is no upper limit on Authorised Share Capital ("ASC") for any company type and no restriction on type of currency or denomination amount of shares;

Directors/Officers

This can be a minimum of one director and a separate company secretary, however other company types, with the exception of a LTD, must have a minimum of two directors and must have a company secretary.

A Director must be 18 years of age, must agree to the appointment and can only be director of a maximum of 25 companies.

Company Secretary

In a one director company, the secretary must be a different person to the director.

The company secretary may be a body corporate or a natural person, however a company director can only be a natural person in Ireland.

Residency Requirements

At least one of the directors is required to be resident in a member state of the European Economic Area (EEA)

If this is not possible, the following two options are available:

- Application to the CRO to grant a certificate confirming the company has a real and continuous economic link with Ireland; with B67 form
- Provides S.137 bond, in the prescribed form, to the value of €25,395

Where a director is an Employee or is a 15% shareholder, then they must have either PPS no. or a VIF no.

Consideration should also be given, at this time, to the tax residency of the directors.

A majority of the directors should be Irish tax resident to establish the Irish tax residency of the company to access Irish VAT and the 12.50% corporation tax rate.

Company Names

the CRO imposes some restrictions on the selection of a limited company name. These generally cover such areas as the following:

- it is identical to or too similar to a name already appearing on the register of companies
- Provide S.137 bond, in the prescribed form, to the value of €25,395
- it is offensive
- it would suggest state sponsorship
- the use of certain name or restricted
- or require approval for use ("bank", of "banking", "society", "co-op" or "co-operative" "University" (Ollscoil), "Institute of Technology", "Charity", "holding", "group", "architect"

Incorporating an Irish limited company

Incorporation Process

Where you are incorporating an Irish limited company, as with Companies House in the UK, you can go directly to the Companies Registration Office (CRO) and commence the process using their own forms etc., however the more efficient and simpler way is to use a formations agent (or accountant) in most instances.

Generally it is advisable to allow a period of 14 to 21 days from start to finish where you have an available EEA resident director. If not then ideally allow a minimum of 25-30 Days to deal with additional incorporation requirements.

- 1 Confirm the necessity for an Irish Limited Company
- 2 Consider whether there is an EEA Resident Director or whether a bon or a form B67 is required
- 3 Obtain Irish tax advice to check residence and access to corporation tax rate
- 4 Commence the process by complete the basic information around the new company such as proposed company name (typically provide 3 options), details for the company address, business activities, directors (names, addresses, nationality, tax references, DOB etc.)
- 5 Once the key information is provided there will be a confirmation as to whether the proposed company name(s) are acceptable or not - hence the purpose of providing 3 options at the outset
- 6 Obtain VIF no for any non resident directors
- 7 Submit the company incorporation documents and within 7 days the new limite will be incorporated at the CRO, whereupon a CRO fee of €50 will be due and payable
- 8 At this point the Directors will need to sign a consent form i.e. consenting to act as a director to the newly incorporated limited company, and the Subscribers (Shareholders) will need to sign a copy of the Constitution of the limited company, and ensure these originals are returned to the CRO (by post).
- 9 At the same time, as part of local 'Know Your Client' regulations, a **certified copy** of each Director, Secretary and/ or Shareholders original identity and (residential) address documents must be provided to the CRO (by post). These documents must also be certified by specific individuals (i.e. accountants and lawyers) and include a specific wording to be acceptable for the CRO
- 10 Once the **consent forms** and the 'Know your Client' documentation has been successfully received by the CRO, it will take another 7 days to complete the incorporation and to obtain the formal **Certificate of Incorporation**
- 11 Certificate of Incorporation and other documents received from the CRO
- 12 Create an account and ensure there is a RBO registration for 25% shareholders
- 13 Tax registration has been received, registrations for various Irish taxes can be commenced with the Revenue Commissioners, along with obtaining access to the Revenue Online Services (ROS) system - similar to HMRC's online Government gateway.
- 14 Open local bank accounts (Revolut, Bank of Ireland, AIB, IPBS etc.)

2. Annual Statutory Obligations

Companies Registration Office (CRO)

Annual Return

Once a limited company has been incorporated, the company will be required to file an annual return to the Companies Registration Office (CRO), initially after 6 months from the incorporation date, and thereafter annually.

Similar to the requirements of Companies House in the UK, the annual return date (ARD) will be based upon the limited company's incorporation date, but can be amended where appropriate.

Every company, whether trading or not, must file an annual return at the CRO not later than 28 days from its statutory annual return date (ARD). The annual return (Form B1) is a document setting out certain prescribed information in respect of the company e.g. companies' addresses; directors/shareholders addresses, date of birth etc.

The CRO's standard filing fee is €20 for electronic filing.

There is a vital importance of non-filing accounts late, as this will incur late filing fees, but also the requirement for an audit for 2 years (€4,000+ vat per annum)

Annual Statutory Accounts

Where financial statements (accounts) are required to be attached to the annual return, the return filing deadline is either:

the company's ARD plus 28 days or the company's financial year-end plus nine months and 28 days, whichever is the earlier.

In almost every case, financial statements must be attached to that return; the financial year end of those financial statements must be no earlier than nine months before the date of the return.

Generally speaking the documents required to be attached to the annual return, are a Balance Sheet, Profit and Loss Account, a copy of the directors' report etc.

Returns which are filed late (i.e. more than 28 days after the effective date of the return) with the CRO incur a substantial late filing fee.

The CRO prosecutes companies and their directors for failure to file annual returns on time, which may also include conviction, disqualification from acting as a director or having any involvement in the management of any company, Court Orders and Strike Off.

As with Companies House in the UK, the CRO also allows companies to submit not only the annual return and associated accounts, but also (most) other forms confirming changes to officers, addresses, shareholding online via its CORE portal for companies and their agents.

Annual Statutory Obligations

Register of Beneficial Ownership (RBO)

Beneficial Ownership

In a similar way to the UK's Person of Significant Control (PSC) requirements, in Ireland this is maintained via the Register of Beneficial Ownership (RBO), which is the central repository of information in respect of the natural persons who are the beneficial owners/controllers.

There is an ongoing obligation on limited companies to keep their own beneficial ownership register up-to-date and ensure that the information aligns with that filed at the RBO i.e. businesses must record any changes to their beneficial ownership within 14 days of these changes occurring.

3. Key Tax Obligations

Revenue Commissioners - Corporation Tax

A company is deemed to be tax resident in Ireland where it has been incorporated on or after 1 January 2015. This will always apply unless it is treated as a tax resident company in another country under a Double Taxation Agreement (DTA).

In practice in order to obtain access to the 12.5% corporation tax rate and, in particular to obtain a local VAT registration, it is important to be able to clearly demonstrate that the Irish incorporated company is operationally managed and controlled within Ireland.

To this end, we recommend a review by a local tax specialist to establish that this is met at an early stage of planning to operate via an Irish limited company structure.

Registration for Irish taxes can be made in one application following incorporation, or separately by tax, as necessary, either online via the Revenue Online Service (ROS) or by using the Form TR2 (which is submitted by post).

Corporation tax returns must be submitted within nine months (and no later than the 23rd day of the ninth month) after the end of the financial year. It should also be noted that in Ireland, companies pay corporation tax through a system of a 'Preliminary tax' payment and a 'Final' tax payment alongside the submission of the corporation tax return.

Preliminary tax payments for new limited companies are only required in Year Two of trading, but will be required to be made 31 days before the end of the accounting period, and before the 23rd of that month.

FORM 46G

An additional return that is required alongside a corporation tax return is a Form 46G

This is quite unique to Ireland as it records any one of or cumulative payments made to third parties in excess of €6,0000 during the tax year.

Key Tax Obligations

Revenue Commissioners - other taxes

VAT Registration

The VAT registration threshold in Ireland is significantly below that of the UK i.e. once turnover exceeds €35,000 then a business is required to register for VAT purposes.

The VAT rates applicable in Ireland also vary from those in the UK, with rates as follows:

23%	VAT standard rate	9%	Lower VAT rate
13.5%	Lower VAT rate (mainly hospitality and related activities)	zero	VAT rate

In Ireland, the Revenue operates bi-monthly VAT periods instead of the quarterly structure applicable in the UK, and additionally there is also an end of year reconciliation return required by all VAT registered businesses, called the Return of traders details (RTD) Return.

Dividend Withholding Taxes (DWT)

A dividend withholding tax applies at a rate of 25% to dividends and other distributions made by limited companies (especially 'close companies'), however there are specific exemptions that may be available for certain recipients of the dividend e.g. some non residents and limited company recipients etc.

Companies that make a dividend distribution are required, within 14 days of the end of the month in which the distribution is made, to make a DWT return as well as to make a payment of the withheld amount(s) to Revenue.

The submission will be made via the Revenue Online Service (ROS) and is required to contain details of the recipient of the dividend, the dividend and withheld amounts, as well as the reason for any exemption from dividend WHT.

Tax treaties

Ireland currently has a range of Double Tax Treaties with over 74 countries in place.

Key Tax Obligations

Revenue Commissioners - Individual taxes

General

Ireland operates a system using tax credits for individuals against the calculated tax liabilities, rather than using Tax Free Allowances (TFAS) (against income amounts) as per the UK.

Specific tax credits are available for specific circumstances including for single, married, employed and self-employed individuals.

The tax year in Ireland itself is also different to that in the UK, as it has in recent years been moved from 5th April to 31st December each year.

Irish income tax is imposed on the worldwide income of an individual who is resident and domiciled in Ireland. An individual who is resident but not domiciled in Ireland, is liable to Irish income tax on Irish-source income, foreign-employment income earned while carrying out duties in Ireland, and on other foreign income to the extent that it is remitted into Ireland.

Payroll, Employees and Employers

Employment income includes all amounts, whether in cash or non-cash benefits, arising from an office or employment (e.g. salary, wages, fees, overtime, bonuses, commissions, benefits in kind, assignment related allowances).

PRSI, which is the equivalent to National insurance in the UK, is charged on employment income, including taxable non-cash benefits.

It also applies to Employers in the same way as NI does in the UK, with individuals who earn less than EUR 352 in any week are not required to pay PRSI for that week.

The USC is a tax payable on gross income, including notional pay, after relief for certain capital allowances, but before deducting pension contributions. It was brought in as a 'temporary' tax post 2008, but has yet to be removed from the statute books.

TCC Section

This is a regime specific to Ireland and broadly is a structure to ensure that any business that takes advantage of any State contracts, tenders or grants etc., are up to date taxpayers.

It is not a requirement for every business to have a tax clearance in place, but where applying or tendering for specific public sector or related work, or accessing grants from Local Enterprise Offices, Enterprise Ireland etc., having an recent tax clearance certificate in place will be a requirement.

Benefit in Kind (BIK)

Where payments are made to, or on behalf of, employees by an employer e.g. outside of payroll, then these need to be reported as a benefit in kind. They can also be referred to as fringe benefits or perks, but as they have a monetary value - they are treated as taxable income irrespective.

In Ireland, all benefits in kind (excluding anything that falls under Small benefits exemption) must be added to the employees' payroll, and processed with the relevant deductions for PAYE, PRSI and USC across the tax year.

Enhanced Reporting Requirements (ERR)

As part of the payroll reporting required to be made to Revenue in Ireland by Employers, there is also the necessity for employers to report the details of certain non taxable expenses or benefits that are paid to, or in respect of, employees and directors.

Essentially it requires an Employer to collect, record and then submit a separate submission called the Enhanced Reporting Requirements (ERR) with these details each payroll period e.g. travel, subsistence, site allowances and staff gifts.

It is now a standard report that is sent along to Revenue, alongside the normal payroll submissions.

Auto Enrolment Pension (Employers and Employees)

Unlike in the UK, there is currently no auto enrolment pension scheme in Ireland, however this is due to change from September 2025.

This means that pension auto enrolment of employees will become a legal requirement, and as an employer, if you do not fulfil your obligations, then there will be penalties and the possibility of prosecution.

The key criteria for the automatic enrolment of an employee into the a pension scheme will be where the employee is between 23 and 60 years of age, is earning in excess of €20,000 and does NOT already have a workplace pension in place.

The contribution rates for auto-enrolment will be phased in over the first 10 years of the operation of the scheme, with initial contributions at 1.5% of gross pay.

4. Grants and Government Financial Supports

Businesses that are investing into Ireland, as well as domestic 'start up' and SME businesses, have access to an extraordinary range of financial supports that are available to both smaller and larger businesses through Local Enterprise Offices (LEOs), Enterprise Ireland, Udaras na Gaeilge and the IDA.

Essentially these are all aimed at providing financial support to SME businesses that are actively undertaking investment or development to drive growth, whether that is domestically (in Ireland) or internationally.

The financial supports on offer take the form of funding/part funding (grant schemes), training or mentoring programmes and/ or loan finance, to ensure that Irish located businesses are as well equipped as possible in terms of:

- management ability and expertise, as well as
- internal processes, structures and business platforms e.g. ecommerce, financial robustness, innovation and marketing

The focus of the Government agencies is to assist businesses to deliver on growth potential through the provision of targeted assistance at each stage of their development i.e. a 'roadmap' enabling progression from support provided by LEOS through to Enterprise Ireland, ensuring continued growth and development along the way.

5. Other Business Issues

FX Exposure

Currency risk e.g. operating in euros, in addition to the existing use of GBPs. Although the risks at the initial stages may be relatively low with some funds required to provide 'start up' working capital only, ongoing management of the movement of funds back and forth to the UK and/or the financial impacts of changes in the relative rates of the euro and GBPs may become increasingly important.

Although we cannot support clients directly with this issue, we do have relationships with third parties who can work directly with you to manage FX exposure from the onset.

Business Insurances

It is key to ensure that all of the mandatory or required insurances are in place e.g. Employers liability and public liability insurance.

Additionally there are other insurances that it would be advisable to have in place, but which are not mandatory for most businesses e.g. D&OE, cyber risk and specific business cover (for goods etc.)

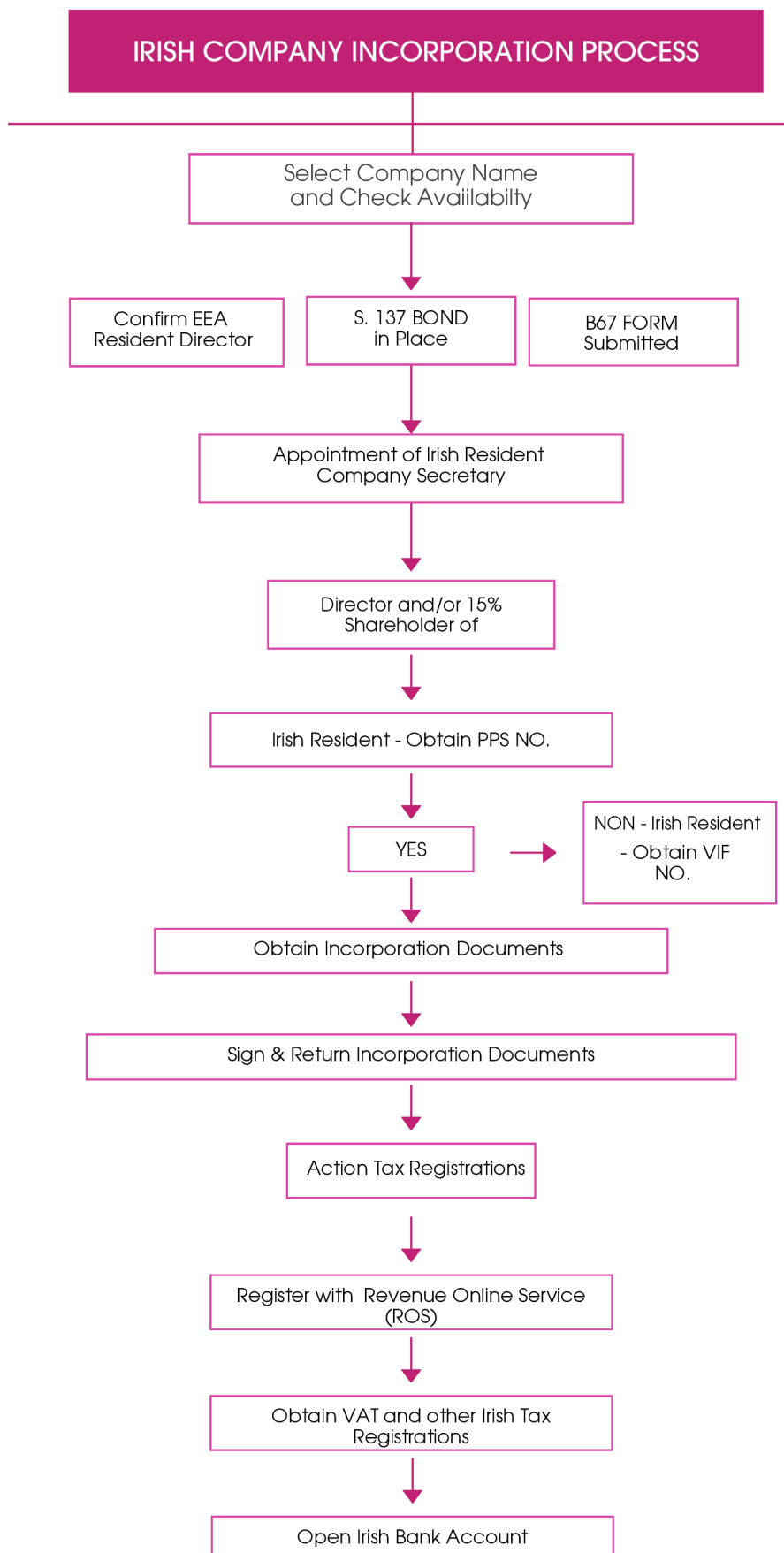
Company Bank Accounts

There is no requirement to have an Irish bank account for a trading Irish limited company, however it is hugely beneficial and very advisable.

The more traditional banks include Bank of Ireland and AIB, with others including IPBS and TSB offering a full service. These banks will all have branches across Ireland and offer a full suite of banking services, however typically they take much longer to open a bank account and will generally require a face to face meeting as well.

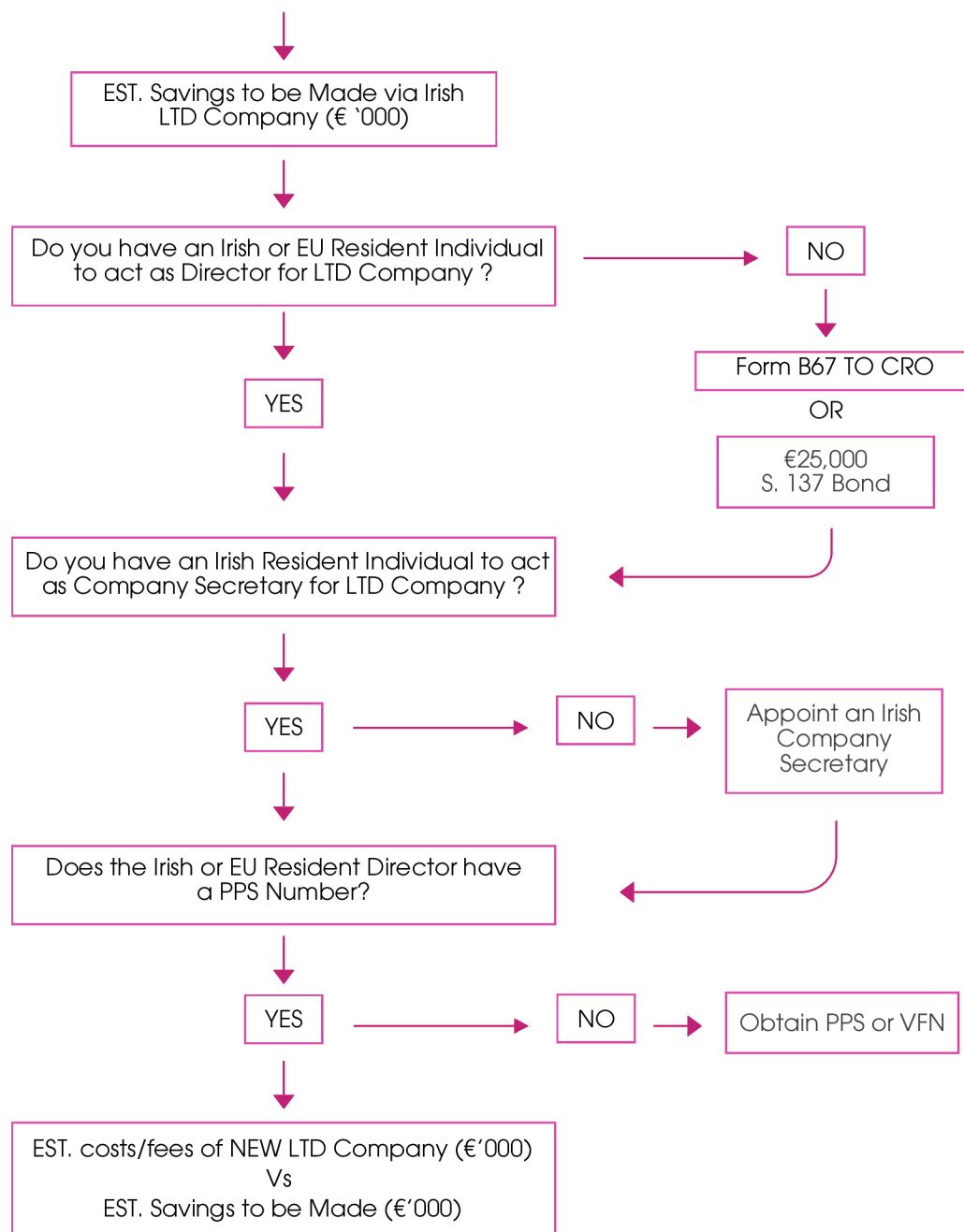
The main challenger bank in Ireland is Revolut, which typically enables documentation to be completed online and therefore much more quickly, however the services available will be much more limited for businesses.

sakura



PRACTICAL REASONS FOR SETTING UP IN IRELAND

TRADING REASONS	EST. MINIMUM SAVINGS P.A
1. Asset (Patent etc.) held via Ireland LTD Company	Savings in Corporation tax - Unlimited
2. EU Trading Activity (MIN €250,000 Turnover)	Savings in Tariffs & import costs/fees - €25,000
3. EU Trading Activity (MIN. €50,000 Profits)	Savings in Corporation tax - €7,000
4. EU VAT Registrations (Multiple)	Savings in Admin time & access to OSS system - €10,000





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Fractional CFO & Managing Director



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