DOING BUSINESS IN IRELAND

August 2004

BDO

Introduction

Doing Business in Ireland has been prepared for the exclusive use of BDO and its clients. Its aim is to provide background information for setting up and running a business in Ireland in compliance with legislation in force in August 2004. It is written in general terms and is not intended to be comprehensive. For more detailed information, advice should be sought from the BDO office with which you normally deal.

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Note: *The masculine has been used in this publication. This stems from a desire to avoid using cumbersome language, and no discrimination, prejudice or bias is intended.*

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Who should read this guide?

Doing Business in Ireland should be read by anyone who is thinking of establishing a business in Ireland, either as a separate entity or as a subsidiary of an existing foreign company, or anyone who is considering coming to work or live permanently in Ireland. It is also relevant to those reviewing their business in Ireland.

Scope

Doing Business in Ireland describes the business environment and the financial and legal implications of running, or working for, the Irish branch or subsidiary of a company based outside Ireland. Most key issues are covered in this publication but it is outside its scope to deal with every aspect in detail. For more specific information, please contact the BDO Member Firm in Ireland.

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1. The business environment

General information

The Republic of Ireland, sometimes known by its Irish name of Eire, forms with the United Kingdom part of a group of islands situated at the continental shelf off the north-west coast of Europe.

Politically, the Republic of Ireland consists of 26 of the counties of the island of Ireland. The remaining six counties in the north east form Northern Ireland, which is part of the United Kingdom of Great Britain and Northern Ireland. Where the word 'Ireland' is used in this book, it is to be taken to mean the 'Republic of Ireland'.

The total area of the island is 84,421 sq km of which Northern Ireland comprises 14,139 square kilometres. The climate is relatively mild and temperatures are uniform throughout the country. The coldest months are January and February with average daily temperatures between 4°C and 7°C while July and August are the warmest (14° C to 16°C).

Government and law

The Republic of Ireland is a parliamentary democracy that obtained its independence from the then United Kingdom of Great Britain and Ireland in 1922 as the Irish Free State. It became a republic in 1948 adopting its constitution in 1937 by a referendum. The president is the head of State and is elected by adult suffrage for a period of seven years with a right to re-election for a second term.

The supreme legislative authority is the *Oireachtas* (parliament) consisting of two houses, the *Seanad* with very limited powers, and *Dáil Éireann* consisting of Members of Parliament elected by adult suffrage.

The political environment is stable and has over recent decades been dominated by parties of centre or a centre right persuasion. Ireland has been a member of the European Union (EU) since 1973 and is also a member of most major international organisations. It retains a neutral stance on military matters.

Irish law is based on common law as modified by subsequent legislation and by the Constitution. In accordance with the Constitution, justice is administered in public in courts established by law. Judges are appointed by the president on the advice of the Government. Judges have guaranteed independence in the exercise of their functions and can only be removed from office by resolution of both houses of parliament. All courts are governed by the jury system other than the Special Criminal Courts and the Supreme Court, where decisions are made by Judges.

Demographic data

Ireland has a population of approximately 3,900,000 with the greatest concentration being on the east and south coasts. Overall population density is 55 persons per sq km which is markedly lower than the European average. Currently, it is estimated that 37% of the Irish population is under the age of 25. This compares with the European average of approximately 28%.

Language and currency

English is the predominant language in Ireland notwithstanding the fact that the Constitution recognises Irish (Gaelic), as the first official language. The unit of currency in Ireland is the Euro which is divided into one hundred cent.

Economic data

Government economic policies are directed towards the creation of a stable economic environment, which is supportive of the needs of business. Ireland's economic growth rates in recent years have consistently been among the highest of the OECD countries. The OECD is predicting Ireland's growth rate to be around 4.8% for 2004 and 2005.

Labour costs in Ireland are among the most competitive in Western Europe. The most recently available figures from the Central Statistics Office (CSO) show the average hourly costs of industrial workers as:

- Manufacturing industries EUR 12.96 per hour
- Other industries EUR 13.45 per hour.

Ireland has one of the longest average working weeks in Europe at 42 hours, including overtime. There are fewer public holidays so it has one of the longest working years. There are nine public holidays which, when added to average holidays of four weeks give a total of 29 non-working days. This compares with a European average of 36.5 days.

Business entities

Forms of business entity fall into two distinct categories:

- Incorporated bodies
- Unincorporated bodies.

Incorporated bodies

Private limited companies

Private limited companies are the most common form of business entity used in Ireland. Essential features of a private limited company are:

- The liability of members is limited to the amount, if any, unpaid on the shares held by its members
- The maximum number of members is limited to 50 with a minimum of one
- A member's right to transfer his shares is restricted.

A private limited company is required to show the word limited (which may be abbreviated to 'Ltd') in its name unless the company has formally applied to have it excluded from the name of the company. A 1% capital duty is payable upon the issue of shares in limited companies. The primary legislation governing the incorporation of companies is the Companies Acts of 1963 to 2001. The company itself will be governed by its Memorandum of Association and the Articles of Association.

Every company must maintain a registered office in the Republic of Ireland. The share capital of private limited companies may be denominated in any currency and the currency adopted is generally dictated by the company's commercial requirements. The minimum number of members is one and the member must hold at least one share. The executive powers of the company lie with the directors who are responsible for the day to day running of the company. Every company must have a minimum of two directors, one of which must be resident in the Republic of Ireland (except where a bond is in place or a real and continuous link certificate is obtained). Any individual may act as a director, provided he or she has not been disqualified by the Courts from holding such an office. A company is also required to have a company secretary and individuals or corporate entities may hold this position. The secretary is normally responsible for administrative matters such as ensuring compliance by the company with the various filing obligations as set out in the Companies Acts.

Public limited companies

Public limited companies have many of the characteristics of private limited companies with the key differences being:

- Shares in a public limited company are freely transferable
- There is no restriction on the number of members but the minimum number is seven
- Shares may be issued to the public and may be listed on the stock exchange.

As with private limited companies, the Memorandum and Articles of Association set out the objectives and rules of the company. Similarly there is no limit on the level of the issued share capital, but a minimum of EUR 38,093 of share capital must be issued, of which 25% must be paid up. The name of the public limited company must include the letters 'plc'.

Only a public company may offer shares or debentures to the public, although these need not necessarily be quoted or dealt with on a stock exchange.

Single member private limited companies

A variation of private limited companies permitted under the European Communities (single member private limited companies) Regulations 1994 is the private limited company with a single shareholder. This is often suitable for wholly owned subsidiaries and is an ideal vehicle for inward investors since it reduces administration requirements and eliminates the need for nominee shareholders. Single member private limited companies may also choose not to hold annual general meetings but in other respects are similar to private limited companies.

Unlimited companies

This is a formal business entity where the members are jointly and severally liable for the debts of the company and thus have unlimited liability. A number of advantages arise from this form of body corporate and these can be summarised as follows:

- Capital duty of 1% is *not* payable on the issue of shares in an unlimited company
- An unlimited company may, without formality, purchase its shares from its members and may reduce its share capital without recourse to the Courts
- An unlimited company is not required to file a copy of its annual accounts with the Registrar of Companies (provided at least one of its members has unlimited liability)
- While in practice, unlimited companies are broadly similar to limited companies, their usage is confined to situations where the members wish to avoid the public disclosure associated with filing of accounts with the Registrar of Companies, where it is undesirable to incur the 1% capital duty arising on the issues of shares or lastly where an entity is required which may be disregarded or treated as transparent under the law of the investing country.

Branches of foreign corporations

A branch is a division of a foreign company trading in Ireland, which has an appearance of permanency, a separate management structure, the ability to negotiate contracts with third parties and a reasonable degree of financial independence. EU regulations have been implemented which impose a similar registration regime on branches as that imposed on local companies. Foreign companies setting up a branch in Ireland are required to file basic information with the Registrar of Companies. These include certified copies of the documents of Constitution, particulars of the director and secretary and certain other information. In addition, the foreign company is obliged to file the same accounts as it would if incorporated in Ireland. These accounts should include the results of the branch operation but separate branch financial statements are not required.

A foreign company undertaking business in Ireland from a fixed place of business, not being a branch, must file a copy of the company's Constitution together with a list of the directors of the company and the address of the place of business with the Registrar of Companies. On receipt of the above, the Registrar will issue a Certificate of Registration to the business. If the foreign company, which has a place of business in Ireland (which is not a branch), would be regarded as a public limited company if they were registered in Ireland, it is required to file annual accounts with the Registrar of Companies.

Formation/incorporation and obligations on companies

The incorporation of a body corporate is normally undertaken by specialised formation agents. A Formation Agent is required to file the Memorandum and Articles of Association and provide details regarding the directors and secretary together with the necessary capital duty to the Registrar of Companies. Private companies may commence trading immediately on incorporation but public companies need to wait until they have obtained a certificate from the Registrar entitling them to do so. The incorporation of a company generally takes five days. The new shareholders can amend the Memorandum and Articles of Association and appoint new directors.

In accordance with the Companies Acts 1963 to 2003 companies are required to keep proper financial records. The directors are also required to prepare accounts on a periodic basis which a give a true and fair view of the state of affairs and results of the company for its financial period.

Irish incorporated companies, subject to certain limited exceptions related to the size of the company, are required to have their financial accounts audited by a registered auditor. The date to which financial statements are prepared is at the discretion of the company and can be changed at any time by a resolution of the directors. A new ruling was introduced whereby a company is exempt from having its accounts audited subject to meeting certain criteria.

Where a company has more than one shareholder, the Companies Acts require that an Annual General Meeting (AGM) be held each year so that the accounts can be put forward to the members. The first AGM of the company must be held within 18 months of the date of incorporation of the company and thereafter within nine months of the end of the company's accounting period. A single member company may, if it wishes, dispense with annual general meetings.

The audited accounts of the company form part of its annual return which must be filed with the Registrar of Companies. On 1 March 2002, every company on the register was allocated an Annual Return Date (ARD). The accounts attached to a company's annual return must predate the date the return was made by no more than nine months. Annual returns dated after 1 March 2002 must be filed with the Registrar of Companies within 28 days of the date to which they are made up. Unlimited companies with at least one member having unlimited liability are not required to annexe the annual audited accounts to the annual return. The annual return will contain current information on the following:

- Authorised and issued share capital of the company
- Shareholders of the company
- Directors and secretary of the company
- Registered office of the company.

The format of the financial statements to be filed with the annual return is prescribed in the Companies Act 1986 and will vary depending on the size of the company, ie. small, medium or large. Specific criteria based on turnover, balance sheet assets and the average number of employees are used in determining the category of the company. The larger the classification of the company, the greater the disclosure required. Consolidated accounts of the group are not filed in abridged format regardless of the size of the group. There is, however, no need to file the individual accounts of the group members when consolidated accounts are filed. Similarly where the Irish company is a subsidiary of an EU incorporated parent, it need not file its own accounts providing the parent company supplies a guarantee in respect of the liabilities of the Irish subsidiary and a copy of the parent's consolidated accounts is annexed to the annual return of the Irish company.

Where a company or person uses a business name, which is different from its legal name, the business name must be registered with the Registrar of Business Names.

Capital structure

A company's authorised capital and the division of that capital into shares should be set out in the company's Memorandum of Association. Shares of no par value are not permitted and shares may be of different classes having different voting, dividend and other rights. Ordinary shares usually have voting rights with no restriction on dividend rights. Preference shares usually have the right to a fixed preferential dividend, with no voting rights unless dividends are in arrears or other specified circumstances exist.

Irish Company law distinguishes between Equity and non-equity share capital. Equity shares are essentially all shares that have a right to participate with no upper limit in income or capital. They form the basis for one of the tests for determining whether a parent/subsidiary relationship exists between the two companies.

There is no requirement that some part of the share capital or debentures in a company be held by Irish nationals as opposed to non-nationals.

Unincorporated bodies

Partnership - general and limited

Almost any form of business may be carried on in the Republic of Ireland by a partnership. A partnership is an association of persons wishing to carry out a business in common, normally sharing both management and profits. Most partnerships, other than accountants and solicitors, are limited to 20 members. There is no requirement that all or any of the partners should be Irish nationals and a body corporate may be a partner.

In general, the partners are not only jointly liable to the creditors of the partnership for the debts of the firm but each partner is also personally liable for all the debts of the firm not satisfied by the partnership assets. Unless otherwise agreed, in writing, partners share equally in profits and losses. The rights and obligations of partners are governed by a partnership agreement and by the Partnership Act of 1890.

It is also possible to establish what is known as a limited partnership, which is governed by the Limited Partnership Act of 1907. Such a partnership is comprised of at least one general partner (who has unlimited liability) and one or more limited partners. Limited partners are liable for partnership obligations only to the extent of cash and property they contribute. Whilst general partnerships are not obliged to file their accounts with the regulatory bodies, a limited partnership will be obliged to file its accounts for public record with the Companies Office if the general partner in the partnership is a limited company.

Sole proprietorship

An individual setting up business as a sole proprietor is the most rudimentary business form. There are few legal formalities or costs associated with the operation of a business as a sole proprietorship and this form of business entity appeals primarily to small enterprises.

Because the business is undertaken directly by the owner, he or she is personally liable for the business obligations and may be required to pledge personal assets as collateral when borrowing funds.

Labour relations and working conditions

Availability of labour

The total labour force in Ireland is approximately 1.93 million of which approximately 1.28 million (70%) are under the age of 45. The actual number in employment is approximately 1.85 million of which 70% are under the age of 45.

The labour market in Ireland offers inward investors a large pool of young, well-educated and highly motivated workers. Irish people have a strong work ethic and this is reflected in the rate of employee turnover, which tends to be well below the European average. The structure of the Irish population is such that the availability of a young work force is likely to continue well into the next century. In the year 2003, 37% of people in Ireland were under 25 years of age; this compares with the European average of approximately 28%.

While the Irish economy has traditionally been dominated by agriculture, recent years have seen the expansion of the manufacturing base to include hi-tech companies in the sectors of information technology and chemicals. In addition, the establishment of the International Financial Services Centre in Dublin has fostered particular skills in the financial field.

Employee/employer relations

Labour relations in Ireland are characterised by consensus. Legislation provides considerable safeguards for an employee in their terms of employment as well as working conditions.

There are comprehensive laws and regulations governing the area of employment, including laws on:

- Contents of contract of employment
- Minimum notice to terminate employment
- Dismissals/terminations
- Employment equality
- Pensions
- Holidays.

Disputes between employers and their employees may be resolved by reference to certain statutory bodies, such as:

- The Labour Relations Commission
- The Employment Appeals Tribunal
- The Courts.

Trade unions

There are approximately 50 trade unions currently in existence and 50% of the workforce belongs to a union. Historically, trade unions have been craft based, but increasingly the trend has been for broad multi-occupational unions to be formed by amalgamation. The largest union, SIPTU, covers workers in a wide variety of industries and occupations. While an employee has a constitutional right to join a trade union, there is a growing preference in large multinational employers for non-union status. This trend is illustrated by the fact that only 6% of overseas companies locating in Ireland in the last three years have involved trade unions. Recent European Union legislation arising from the accession by Ireland to the Social Chapter section of the Treaty of Maastricht, required the establishment of workers' councils by larger employers.

In order to facilitate good economic management, the Government has in recent years sought to set National Wage Agreements in conjunction with unions and employer groups, to maintain pay increases in line with inflation. These agreements form part of central programmes variously called the Programme for Economic and Social Progress and the Programme for National Recovery and Partnership 2000. These programmes have facilitated a period of industrial harmony for several years.

Working conditions

Equal pay

Irish legislation requires equal pay for men and women, not only for equal work but also for work which can be deemed to be of equal value.

Minimum pay

Under the recent National Wage Agreements the minimum hourly wage is currently EUR 7.00 with effect from 1 February 2004.

Work permits and residence permits

Both non-EU and non-EEA citizens must apply to the Aliens Registrations Office or to the local *Garda* (Police) station for a residence permit if they wish to stay in Ireland for more than three months.

Companies wishing to employ non-EU or non-EEA nationals must apply to the Department of Enterprise and Employment for a work permit for each such employee. The company must present written proof to show that the job cannot be filled by an EU or an EEA national. As evidence of this it is necessary to advertise any positions available with FAS, the national Training and Employment Authority (www.FAS.ie).

Health and safety

Irish safety legislation provides a legal responsibility on employers to provide:

- A safe workplace with a safe means of access and exit
- Safe equipment and safe systems of work
- Information/training
- Protective clothing/equipment
- A safety statement as to possible hazards and risks.

Holidays and working hours

Under legislation passed in 1997 known as the Organisation of Working Time Act, restrictions are based on the number of hours that employees can work. It is expected that the implementation of this legislation will be phased over a number of years to allow employers to adapt their work practices accordingly.

The main provisions of the Organisation of Working Time Act are:

- A maximum 48-hour working week will apply to all employees
- A minimum daily rest period of 11 consecutive hours per 24 hour period
- A minimum uninterrupted rest period of 35 consecutive hours per week
- The minimum number of paid working days holidays is 20 days.

There are nine statutory holidays in Ireland, commonly known as 'Bank Holidays'.

Labour costs

In the latest world wide survey of labour costs carried out by the US Department of Labour, average hourly labour rates in Ireland were found to be more than 100% lower than those in Germany and more than 25% lower than those in the USA, Netherlands and France.

The latest data from the Central Statistics Office show average weekly industrial earnings and hours worked per week as follows:

		Men	**Women**
Average weekly industrial earnings		EUR 538.94	EUR 364.07
Hours worked per week		40.5	36.1

Taxation

The Irish Government operates a Pay As You Earn (PAYE) tax system for employees. The employer is obliged to deduct the employee's tax each month at source and remit it to the Revenue authorities.

Alternative employee benefits

The Irish economy experienced rapid growth during the latter half of the 1990s with relatively low rates of inflation. In order to ensure that employees with specialised skills were retained, employers have availed themselves of a range of alternative employee benefits that may be offered to employees. These benefits may be offered in a way that is tax efficient for both the employer and also the employee, and include:

- Share options
- Profit sharing
- Pension
- Benefits in kind
- PRSAs: The Irish Government in response to a lack of pension coverage and decreasing investment returns implemented a new retirement option in 2003 – Personal Retirement Savings Accounts (PRSAs). All employers are legally obliged to provide access to at least one PRSA and a facility whereby an employee can contribute to this PRSA scheme.
- Flexible Benefits: There is a current trend in Ireland of offering employees a degree of choice in designing their own benefits packages by offering flexible (flex) benefits programmes. These allow employees to tailor benefits to their personal circumstances.

Social security costs

Social security in Ireland is provided by means of social welfare insurance known as Pay Related Social Insurance (PRSI). It is compulsory for all employees aged 16 and over to be covered by social insurance. Both employers and employees contribute towards the scheme and the contributions are calculated as a percentage of earnings. The employer is responsible for the administration and payment of both employer and employee PRSI contributions. PRSI is not paid on benefits in kind or on occupational pensions.

Employer contributions range from 8.5% for employees earning less than EUR 356 per week to 10.75% for employees earning in excess of EUR 356 per week. The standard contribution rate for most employees (PRSI Class A1) is 6%.

2. Finance and investment

Regulatory agencies

Regulations of business

Responsibility for the basic legal framework for the regulation of industry and commerce rests with the Department of Enterprise, Trade and Employment, a department of Government. The Department administers the Companies Acts 1963 to 2001 under which companies are incorporated and a number of other statutes and regulations governing company affairs and insolvency. The department is responsible for company law, patent, trademark and copyright matters and all matters affecting the regulation of insurance.

Price and competition control

There are no statutory price controls in Ireland.

Irish competition law is now based almost entirely on EU legislation. The law is strict and covers the validity of agreements, control of company acquisitions and mergers, powers of the authorities and possible sanctions.

The Competition Act 1991 established the Competition Authority to oversee practices and methods of companies affecting the supply and distribution of goods or the provision of services. Agreements between concerted parties to prevent, restrict or distort competition are void. Abuse of a dominant position in trade or services is prohibited.

The attitude of the Government towards monopolies is essentially neutral, in that regulations restricting monopolies are enforced only when the monopoly is shown to be against the public interest. Any agreement, which has as its effect the prevention, restriction or distortion of competition in trade in any goods or services in Ireland, is prohibited and void.

Consumer and environmental protection

There is significant legislation dealing with consumer protection and environmental requirements, both in manufacturing and service industries.

The Consumer Information Act 1978 established the Office of Director of Consumer Affairs to investigate any business practice which may restrict, distort or prevent competition in the production, supply or acquisition of goods or services in Ireland.

Import and export controls

Most categories of goods may be imported into Ireland but a limited range of goods from certain specified countries requires individual import licences from the Department of Enterprise, Trade and Employment. The restrictions apply mainly to used clothing, explosives, firearms and ammunition, and some agricultural products. There are also restrictions in respect of animals, plants and certain other items which could be dangerous to health, safety or public morals such as asbestos and controlled drugs.

The major type of exports upon which restrictions are placed are certain types of strategic goods and materials, minerals, certain animals and foods, archaeological objects, drugs and firearms.

Patents, trademarks and copyrights

Patents granted under the Patents Act 1964 and Patents Act 1992 provide protection for prescribed periods. However, applications can be refused or, if granted, be invalidated by evidence of prior publication or use. There are two separate types of Irish patent, short-term patents of 10 years and long-term patents of 20 years. Long- term patents can take up to five years or more to process and as the details of the process must be filed with the Patents Office and are available for public inspection, many companies prefer not to apply for a patent but to keep their process secret. Ireland is a signatory to the European Patent Convention, the Patent Co-operation Treaty and the Community Patent Convention.

A trademark can now be obtained in respect of either a product or a service. It is granted by the Irish Trademarks Office in Ireland but EU law provides that it is now possible to apply for a Community Trademark. This involves a single application to the EU Trademark Office in Alicante, Spain, and if this application is approved it is then valid throughout the EU, including Ireland.

An EU trademark is valid initially for 10 years but may be renewed for further successive periods of 10 years each in perpetuity.

Copyright exists without the need for application or registration in respect of original literary, dramatic, musical and artistic work. It also subsists in sound recordings, cinematographic films, television and sound broadcasts, and published editions of works and Irish legal tender. In general, protection is provided for the life of the author (if appropriate) plus 70 years. Copyright protection does not depend on the work bearing the copyright sign (©) although it is advisable to use the sign where appropriate.

Banking and local finance

The banking system

The Central Bank of Ireland is the central bank of the Republic of Ireland and is responsible for supervising the banking system.

Commercial banks

There are four major commercial banking groups with branches throughout the country. There are also merchant banks and finance companies that provide a range of financial services including corporate financial advice, leasing finance, hire purchase (instalment) finance and loan syndication.

IFSC

The International Financial Services Centre (IFSC) is located in the Custom House Docks area in central Dublin. A wide range of financial services provided from this centre have qualified for the 10% rate of Corporation Tax. Entitlement to the 10% rate is dependent on the project having obtained an operating licence from the Department of Finance, which is the relevant regulatory authority. Eligible trading operations in the centre include banking services, global money management, international dealing and back office operations. Projects approved before 31 July 1998 qualify for the 10% rate until 31 December 2005 and the general 12.5% Corporation Tax rate thereafter.

Operations currently locating in Ireland can avail of the low Corporation Tax rate of 12.5% for trading activities.

Short-term and long-term financing

Sources of short and long-term borrowing and access to venture and development capital are provided by the banking system and the wide range of financial institutions mentioned above. Building societies (savings and loan associations) are the major private deposit taking institutions that provide long-term finance for private house purchase and for business premises.

Equity markets

The Stock Exchange provides facilities for new issues of commercial and Government securities. The Irish Stock Exchange established a new market in 1997 where small and medium sized companies seeking finance can be matched with investors. This market is called the Developing Companies Market (DCM) and all four companies listed on the DCM in July 1998 had a dual listing on the Alternative Investment Market (AIM) in London. It is hoped that the DCM will in time mirror the success of similar markets in the United States and the United Kingdom where NASDAQ and AIM have provided funds to smaller and medium sized companies in this fashion.

Accounting and audit requirements

Statutory requirement

Partnerships and sole traders are under no statutory obligations to prepare annual accounts or to have them audited (although some form of accounts is usually required for fiscal purposes). Companies incorporated under the Companies Acts are, however, subject to extensive statutory requirements, which are described below.

Accounts and directors' reports

The directors must prepare financial statements, lay them before the shareholders in general meeting within nine months of the end of the company's accounting period and file a copy of the financial statements with the Registrar of Companies within 28 days of the annual return date. The annual general meeting must be held:

- Within 15 months of the previous annual general meeting
- Within nine months of the company's year end
- Once in every calendar year.

Subject to the provision that the first annual general meeting must be held within 18 months of incorporation, it is not necessary to hold an annual general meeting in the year of incorporation or in the following year. The accounts must comprise of the following for both the company and the group:

- A profit and loss account (income statement) covering the financial period
- A balance sheet as at the end of the financial period
- Notes giving certain supplementary information and disclosures.

The accounts must give a true and fair view of the company's affairs and, subject to certain size criteria, be accompanied by the auditors' report. The audited accounts and a directors' report dealing in general terms with the company's state of affairs and making a number of statutory disclosures, must be sent to shareholders at least 21 days before the annual general meeting.

Financial statements must be drawn up according to generally accepted accounting principles in Ireland (GAAP) and in the format described by the Companies Acts. Irish GAAP is synonymous with that of the United Kingdom, as the Irish accounting profession works closely with its counterparts in the UK in formulating standards.

Books and records

Companies incorporated under the Companies Acts are required to keep proper accounting records. These must contain the information necessary to disclose with reasonable accuracy, at any time, the company's financial position at that time, and to enable the directors to prepare accounts in compliance with the requirements of the Companies Acts 1963 to 2003. The accounting records must be retained for six years and must record:

- All sums of money received and expended and the matters in respect of which the receipt and expenditure take place
- All sales and purchases of goods
- The assets and liabilities.

The accounting records must be kept at the company's Registered Office (which must be located in the Republic of Ireland) or at such other place as the directors think fit.

The only general law regarding the form in which accounting records are kept is that, if not kept in legible form, they must be capable of being reproduced in a legible form. Computer records are therefore acceptable provided that the company has the ability to print them out in hard copy form.

Auditors and audit requirements

While there is no general statutory requirement that the accounts of an unincorporated business should be audited, all companies incorporated under the Companies Acts must, subject to certain size criteria, appoint an independent auditor. In certain other cases there may be relevant legislation imposing audit requirements.

In order to be qualified for appointment as auditor of an incorporated company, a person must:

- Be a member of a body of accountants recognised for the purpose by the Minister for Enterprise, Trade and Employment and hold a valid practising certificate for such a body

- Hold an accountancy qualification that is, in the opinion of the Minister for Enterprise, Trade and Employment, of a standard which is not less than that required for such membership as noted above and which would entitle that person to be granted a practising certificate by that body if he were a member of it, and is for the time being authorised by the Minister to be so appointed.

The legislation also provides that officers of the company, relatives of officers of the company, persons who are partners of or in employment of an officer of the company, persons who were officers of the company during the period in respect of which accounts are to be audited and body corporate are barred from being appointed auditor.

Most companies appoint practising accountants or firms of accountants as auditors and, in addition, frequently look to them for other services, including advice on taxation and other financial matters.

The auditors are required to make a report to the shareholders on the accounts examined by them and on every balance sheet, profit and loss account (income statement) and all group accounts laid before the company in the general meeting. The auditors' report must note:

- Whether they have obtained all the information and explanations which to the best of their knowledge and belief were necessary for the purpose of their audit
- Whether, in their opinion, proper books of account have been kept by the company
- Whether, in their opinion, proper returns adequate for their audit have been received from branches of the company not visited by them (where applicable)
- Whether the company's balance sheet and (unless it is framed as a consolidated profit and loss account) profit and loss account are in agreement with the books of account
- Whether, in their opinion, the financial statements have been properly prepared in accordance with the provisions of the Companies Acts 1963 to 2003 in the manner so required and give a true and fair view:
    - In the case of the balance sheet, of the state of the company's affairs as at the end of the financial year
    - In the case of the profit and loss account (if it is not framed as a consolidated profit and loss account) of the profit or loss for the financial year
    - In the case of group accounts, of the state of affairs and profit and loss account of the company and its subsidiaries, so far as concerns members of the company
- Whether, in their opinion, there exists at the balance sheet date a financial situation where the net assets of the company are half or less than the amount of the company's called-up share capital, which would require the convening of an extraordinary general meeting of the company
- Whether, in their opinion, the information given in the report of the directors is consistent with the accounts (not applicable in the case of unlimited companies).

The Auditor is also required if, in the course of, and by virtue of, carrying out an audit information, he comes into possession of information that leads him to form the opinion that there are reasonable grounds for believing that the company, or an officer or agent of the company, has committed an indictable offence under the Companies Acts, to notify his opinion to the Director of Corporate Enforcement and provide details of the grounds on which he has formed that opinion.

Accounting profession

The accountancy bodies whose members are engaged in public practice and are recognised by the Minister for Enterprise, Trade and Employment as qualified for appointment as auditors under the Companies Acts are:

- The Institute of Chartered Accountants in Ireland
- The Institute of Chartered Accountants in England and Wales
- The Institute of Chartered Accountants of Scotland
- The Chartered Association of Certified Accountants
- The Institute of Certified Public Accountants
- The Institute of Incorporated Public Accountants Limited.

In addition to these five bodies, there is also the Chartered Institute of Management Accountants, the members of which are generally employed in commerce and industry and are not qualified for appointment as auditors. The accountancy bodies have formed special committees to promote accounting standards and auditing practices.

Auditing standards

The audit requirement has been part of company law for many years and the techniques of auditing are well established. The accountancy bodies, through joint committees, issue auditing standards which prescribe basic principles and practices which their members are expected to follow in the conduct of an audit.

The accountancy bodies have also issued auditing guidelines which give guidance on such topics as planning, controlling and recording an audit, accounting systems, audit evidence, internal controls, the review of accounts and examples of audit reports.

Accounting principles

The accountancy bodies jointly issue financial reporting standards (FRSs) which supplement the requirements of the Companies Acts as to the form and content of accounts. The provisions of FRSs are mandatory on members of the accountancy bodies and any significant departure with which the auditor does not agree should be referred to in the auditors' report. The European Union has issued a regulation that will, from January 2005, require listed companies to prepare their group financial statements using international accounting standards.

Form and content of financial statements

In general, the disclosure requirements for financial statements are set out in the Companies Acts, which reflect the requirements of the EC Fourth Directive and regulations governing group accounts. Certain additional disclosures are required by the Stock Exchange and by Financial Reporting Standards.

There is a choice of vertical or horizontal formats for both the balance sheet and the profit and loss account (income statements).

The balance sheet has to show assets, liabilities and provision under specific headings and in the order required by the Companies Acts. The reporting company is at liberty to expand the required analysis but must give the prescribed minimum of information, except that classification which is immaterial in amount may be combined with another classification.

There are two permitted types of profit and loss account, each giving different information. One form gives analysis on an operating basis (such as sales, cost of sales, gross profit, distribution costs and administrative expenses), while the other form analyses costs by type of expenditure (such as raw materials and consumables, changes in stocks, staff costs).

Once a particular format has been adopted, it has to be used in future years unless there are special reasons for a change. If the format is changed, the fact of and the reasons for the change must be disclosed in a note to the accounts in which the new format is first adopted.

Furthermore, the Companies Acts lay down certain minimum requirements for information to be given in the notes to the financial statements, if not given in the financial statements themselves. This information covers a large number and variety of matters, such as accounting policies, departure from generally accepted accounting principles, fixed assets, capital commitments, contingent liabilities, transactions with directors and their connected persons and particulars of subsidiary and related companies.

Book and tax differences

Unlike countries such as Germany and France with fiscal dominated accounting systems, tax laws in Ireland have little effect on accounting methods. Business profits for tax purposes are determined by reference to accounts prepared using recognised accounting principles, but such profits are subject to many statutory adjustments, so that, for example, book depreciation of fixed assets must be ignored and the statutory capital allowances for tax substituted.

Investment opportunities and incentives

The economy

Ireland is a small open economy, which is characterised by the size of the contribution made by the manufacturing and services industries to national output and by the importance of international trade. Ireland's exports account for 84% of its Gross Domestic Product (GDP).

Ireland continues to welcome incoming investment and offers selective incentives for companies establishing or expanding manufacturing and other operations. The government also welcomes foreign capital investment likely to create employment and there are no restrictions on foreign investment into Ireland.

Notwithstanding its geographical location on the periphery of Europe, the well developed infrastructure combined with low operating costs, low corporate taxes and generous financial incentives make Ireland one of the most profitable locations in Europe for overseas investors. Figures produced by the US Department of Commerce show that for over a decade US manufacturing operations in Ireland have achieved the highest return on US investment overseas of any location (25%).

The pattern of ownership in industry is varied. Most manufacturing is in the hands of private enterprise. Direct State intervention is in most cases effected through special state sponsored bodies set up to deal with a particular activity. The most important State sponsored bodies are those which operate major nationalised industries, for example electricity, gas, railways, airlines and postal services.

Basic resources

Ireland's natural resources include gas, peat, forests, fisheries, copper and zinc. Consequently the country is dependent on oil and coal imports. The main resources are its well-educated people, its land and its clean environment.

Trade blocks

Ireland is a member of the European Union and the European Free Trade Association. Consequently it benefits from membership of the world's largest free trade area comprising 15 EU member states together with the four EFTA countries.

Ireland has also signed the various EU treaties implementing the single European market and benefits from the customs union with the EU. As a member of the European Monetary

Union, Ireland has adopted the Euro as its official currency which went into circulation on 1 January 2002.

Investment incentives

Incentives offered to inward investors in Ireland consist of tax incentives and financial assistance. The major tax incentive in Ireland is the low rate of corporation tax available which is dealt with in Section 3 of this report. Financial assistance, usually in the form of grants, is administered by a number of different government agencies each with its own particular area of focus.

The four particular agencies involved are as follows:

- IDA Ireland (formerly known as the Industrial Development Agency)
- Enterprise Ireland (formerly known as *Forbairt*)
- Shannon Development
- *Udaras na Gaeltachta*.

IDA *Ireland*

IDA Ireland is the primary government agency with responsibility for the promotion of direct foreign investment in Ireland and development of the existing base of overseas companies. Its portfolio includes in excess of 1,200 overseas companies employing in excess of 138,000 people directly. Half of these companies have been in Ireland for over 10 years and the IDA has overseas offices in various locations throughout the world.

Grants are available from IDA Ireland for both manufacturing and internationally traded services. In general, IDA Ireland will provide a range of grant aid for new industry including capital grants, employment grants and training grants. Significant factors in determining the total grant package will be the number of jobs created by the investment, the capital investment by the investor and the geographic location of the industry. The IDA actively encourages overseas companies to locate outside the Dublin region.

Enterprise Ireland

Enterprise Ireland is the government agency whose primary responsibility is the administering of a programme of grant aid and incentives for Irish owned companies in Ireland. It is also responsible for the development of industry sectors based on natural resources including inward investors in the sectors. Enterprise Ireland grants are similar in type and size to those available from IDA Ireland. From July 1998 the activities of the Irish Trade Board were subsumed into the agency.

Enterprise Ireland is now charged with assisting export oriented industry in Ireland and provides grant aid to cover the marketing costs of such exports. Eligible activities include market research, market visit, potential customer visits and exhibitions.

Udaras na Gaeltachta

This body is the specialist Government agency that specifically seeks to promote investment and job creation in areas where the Irish language is spoken. Higher levels of grant assistance may be available in these areas which are predominantly in the western area of the country.

Shannon Development

This body was established to foster the development of Shannon Airport and the adjoining enterprise zone. Again, the grants available from Shannon Development are broadly in line with those offered by IDA Ireland.

Grant types

Capital grants

These grants are available to subsidise expenditure on the purchase of land and buildings and new plant and equipment for use in manufacturing. The level of grant aid available varies depending on the project and location with a typical maximum grant aid of 40%. The schedule of capital grant payments is usually linked to a job creation programme.

Rent subsidies

A rent subsidy is available for some rented property for a period of two years.

Employment grants

Employment grants are available where permanent, full time positions are created. Amounts paid depend on the level of investment involved and may be linked to capital grants received. Grant aid of up to EUR 12,500 per job created may be available.

Training grants

In addition to capital and employment grants, the agencies listed above offer grants for training employees in new industries. Applicant companies submit proposed training programmes and IDA Ireland agrees to grant aid these programmes to an agreed level. The aid provided may, in certain instances, cover the full payroll costs during the employees training period. The government training and employment agency FAS, works closely with applicant companies in devising training programmes and ensuring that companies comply with IDA Ireland and other agency grant requirements.

Research and development grants

Grants are available in this area to cover costs incurred by manufacturing companies seeking to develop new products and processes. The level of grant aid available within this category varies depending on a number of factors including the geographic location of the company.

Feasibility grants

Grants are also available in respect of feasibility studies to investigate new projects. Such studies would investigate the viability of a certain project in advance of larger scale investment.

3. The tax system

Taxes, in Ireland, are levied primarily by central government. There are also local taxes known as 'rates' (based on property values) which are assessed and collected by local and municipal authorities. The care and management of direct taxes such as income tax and corporation tax, and of indirect taxes such as customs and excise duty and value added tax is entrusted to the Revenue Commissioners. The Revenue Commissioners are appointed by the *Taoiseach* (Prime Minister). The Department of the Revenue Commissioners is divided into branches, one of which is the Office of the Chief Inspector of Taxes. Inspectors of Taxes are appointed by the Revenue Commissioners and are deployed throughout the country in various tax districts.

The principle source of Irish Tax Law is found in the Taxes Consolidation Act of 1997 and Finance Acts introduced at yearly intervals.

Principal taxes

Taxes on income and gains

- Corporation tax
- Income tax
- Capital gains tax.

Taxes on transactions

- Value added tax
- Custom and excise duties
- Stamp duties
- Capital duties
- Capital acquisitions tax.

Income tax structure

Under the Irish system, income is taxed if it falls within one or other of the schedules set out below.

Income from various sources is grouped for assessment purposes under the relevant schedules and the rules for measuring the income assessable are contained in the Taxes Consolidation Act of 1997.

Income tax schedules

Schedule C

Public Revenue Dividends and Interest Payable out of public revenue

Schedule D

Case I	Trading income
Case II	Income from professions
Case III	Interest, annuities and other annual payments, income arising from securities outside the State including foreign trades and employments
Case IV	Miscellaneous income not charged under any other schedule, for example shares received in lieu of cash dividends, profits or gains from an unknown or unlawful source or activity, income from UCITS
Case V	Rental income from any premises in the State

Schedule E

Employment income, including pensions

Schedule F

Dividends and other distributions from Irish companies.

As indicated above, income is classified according to its source and different rules are applied to measure the income under each schedule. The income so calculated is then aggregated and charged to tax.

Companies are assessed to corporation tax in respect of the total profits (including capital gains tax) arising in each accounting period, income being computed under the schedules as for income tax.

Individuals are assessed for Income Tax at progressive rates in respect of each tax year. The tax year begins on the 1 January and ends on the 31 December. Income is taxed on a current year basis, which means that all income is taxed in the year in which it is receivable. The only slight deviation from this is that individuals assessed under cases I and II of Schedule D are taxable on the income of their financial year of 12 months ending in the tax year, ie. their year end is deemed to be coterminous with the tax year ending on the following 31 December.

International aspects

Resident corporations (those centrally managed and controlled or incorporated in Ireland), resident individual partners and trusts are subject to tax on their world wide income and capital gains. Non-resident corporations are subject to corporation tax on profits (including capital gains) related to a trade carried on in Ireland through a branch or agency and to income tax on any other income arising from Irish sources.

Individuals, partnerships and trusts which are non-resident are liable to income tax only on Irish source income and are not generally liable to capital gains tax except on gains from assets connected with a trade carried on in Ireland or deriving their value from Irish land and buildings. The Republic of Ireland has an extensive network of tax treaties under which double taxation of non-Irish income and gains is generally avoided. This is done by granting a credit for the foreign tax against Irish tax arising. Where treaty relief is not available, unilateral relief generally treats the foreign tax paid as an expense in arriving at profits chargeable to taxation, although in certain circumstances, it treats the foreign tax paid as a credit in arriving at Irish corporation tax payable.

Geographical source of income

Income arising from investments is deemed to arise in the country in which the investment is located e.g. dividend income is deemed to arise at the place where the share register is maintained. Income from employment is usually regarded as arising in the country where the work is carried out, subject to any provisions in the relevant double tax treaty.

Administration

The Irish tax system is based on self-assessment. All income tax payers must file a return of income on or before the specified return date which is not later than 31 October in the year after the year of assessment to which the return relates. Companies are required to file returns of income within nine months of the end of the accounting period of the company. Taxpayers failing to file by the required date are subject to a surcharge of up to 10%.

Corporate tax payers

Tax returns and assessments

A corporation/company is required to file a corporation tax return for each accounting period showing the profits liable to tax, specifying each source of income and the amount arising from it. The return must also show particulars of such disposals and any capital gains or losses arising as well as charges on income deductible from the total profits. Details of the acquisition of assets are also to be provided for the purposes of tax legislation. The company's liability to Corporation Tax is computed by the company itself or by its agent on its behalf. Where a company defaults in submitting a return to the Inspector of Taxes an assessment may be raised.

Payment

The Finance Act 2002 introduced significant changes to the preliminary tax payment dates for corporation tax. Under the new provisions, companies will pay preliminary tax of at least 90% of the liability for the accounting period one month prior to the end of that period. There is a transition period from 1 January 2002 to 31 December 2005 during which the new provisions will be gradually introduced.

Tax audits

The Revenue Commissioners examine returns submitted in varying degrees of detail and make any enquiries they deem appropriate. With the introduction of self-assessment, tax audits have become a common feature of commercial life for both individuals and corporations.

Appeal procedures

Where the local Inspector of Taxes and the taxpayer fail to reach agreement, application may be made to have the matter heard by an Appeal Commissioner. If the tax payer is dissatisfied with the Appeal Commissioner's ruling, he can appeal to the Circuit Court and from there to the High Court and the Supreme Court on points of law. Hearings before Appeal Commissioners may be conducted by an accountant, solicitor, a member of the Institute of Taxation or any other person at the Commissioner's discretion.

Individual tax payers

In general the compliance requirements for individuals are similar to those for corporations. A self-assessment system is operated. 'Chargeable Persons' (ie. individuals in receipt of investment, trading or professional income) are required to file an annual return of income and chargeable gains by 31 October following the end of the year of assessment. Returns filed after the deadline are subject to an automatic surcharge. Tax payers whose income consists solely of earnings from an Irish employment taxed under the PAYE (Pay As You Earn) system are not required to file a regular annual return of income unless there is a change in their income source or in order to claim particular allowances or deductions.

Payment of income tax

Individuals in receipt of income which is not subject to deduction of tax under the PAYE system are obliged to make an annual payment on account which is known as 'Preliminary tax'. Payment is due on 31 October in the year of assessment. This is known as the due date. Income Tax not paid by the due date is liable to an interest charge from the due date. As the final liability cannot be known until after the end of the tax year, interest will not be charged if the Income Tax paid on the due date amounts to at least 90% of the eventual liability or if it amounted to 100% of the previous year's liability. The balance of any income tax liability (over and above the amount paid as preliminary tax must be paid by 31 October following the end of the year of assessment.

Payment of Capital Gains Tax

Individuals who have disposed of assets during a tax year must make a payment of any capital gains tax on one of the two due dates for payment. If the disposal is made in the period 1 January to 30 September, the tax arising will be due on 31 October. If the disposal is made in the period 1 October to 31 December, the tax must be paid by 31 January in the following tax year. Capital gains tax not paid by the due tax is liable to an interest charge from the due date.

Withholding on wages and salaries

Tax on income from employment is, so far as possible, collected by deduction at source under the PAYE system. Each year employees are issued with a certificate of tax-free allowances computed according to their personal circumstances. The employer is required to deduct and account to the Revenue Commissioners for Income Tax at relevant rates on each payment of remuneration.

Pay Related Social Insurance (PRSI) contributions are similarly computed and paid. Foreign nationals working in Ireland are subject to the same compliance requirements in this regard as Irish nationals.

4. Taxes on business

Corporate tax system

All companies resident in the State and all non-resident companies, which carry on a trade in the State through a branch or agency, are liable to corporation tax. A company, which is tax resident in Ireland, is subject to corporation tax on its world wide income. There is no statutory definition of "resident" but based on precedent case law, the company would be considered to be tax resident in Ireland if it is managed and controlled in Ireland. In practice, a company would be regarded as managed and controlled in Ireland if directors meetings are held in Ireland and major policy decisions affecting the company are taken at those meetings. All companies incorporated in Ireland after 11 February 1999 are regarded as resident in Ireland, with the exception of companies resident in another tax treaty country or actually carrying on a trade in Ireland.

A non-resident company is liable to Irish corporation tax on profits arising from a business conducted through a branch in Ireland. Taxable profits of a branch are determined in the same manner as for resident companies with a deduction being available in respect of head office expenses that can properly be allocated to the activities of the branch. No withholding tax arises on repatriation of branch profits to the foreign head office.

Rates of corporation tax

With effect from 1 January 2003 the current standard rate of corporation tax on active trading profits is 12.5%.

The rate of corporation tax applying to *non-trading income* is 25%.

A special rate of 20% for dealing in residential development land applies in respect of company profits arising on or after 1 January 2000. This special rate of 20% also applies to individuals as well as companies. However, the construction trading profit will be taxed at the standard corporation tax rate.. The 20% rate also applies to profits from certain residential construction operations, which include:

- The demolition or dismantling of any building or structure on the land
- The construction or demolition of any works forming part of the land, being roadworks, water mains, wells, sewers or installations for the purposes of land drainage
- Any other operations which are preparatory to residential development on the land other than the laying of foundations for such development.

For subsequent accounting periods, the standard rate of corporation tax will apply to profits from dealing in fully developed residential land while profits from dealing in undeveloped residential land will continue to be taxed at 20%.

A rate of 10% introduced originally in 1980 applies to income derived from manufacturing operations; certain projects licensed to operate in the Shannon Airport area; a range of service operations and financial services and other licensed operations in the IFSC in Dublin. The 10% rate of Corporation Tax continues to apply to companies qualifying for that rate, prior to 23rd July 1998 until 31st December 2010. Otherwise, the 12.5% rate will apply to the majority of trading operations.

The reduced 10% tax rate applies to profits derived from goods manufactured and sold by a company. The term manufacturing includes the subjecting of quantities of materials belonging to another person to process of manufacture within Ireland. In addition, specific activities also qualify for the 10% manufacturing rate:

- Fish produced on a fish farm within the Ireland
- Repairing of ships carried out within the Ireland
- Computer services or software development services the work and rendering of which is carried out in Ireland in the course of a service undertaken in respect of which an employment grant was made by the IDA Ireland
- Income of trading houses
- Repair or maintenance of aircraft, aircraft engines or components within Ireland
- The production of a film for exhibition to the public in cinemas or on television or for training or documentary purposes.

Certain processes are specifically excluded as being regarded as manufacturing such as dividing, purifying, and drying any material acquired in bulk, applying methods of preservation, pasteurisation or maturation of foodstuffs.

International financial services

A wide range of financial services qualify for the 10% rate when undertaken in the International Financial Services Centre (IFSC) in Dublin or in the Shannon Free Zone. Entitlement to the 10% rate in both cases is dependent on the project having obtained an operating licence from the relevant regulatory authority in relation to IFSC companies. Projects approved before 31 July 1998 qualify for the 10% rate until 31 December 2005. Otherwise the general 12.5% corporation tax rate applies. In relation to companies in the Shannon Free Zone projects approved before 31 May 1998 qualify for the 10% rate until 31 December 2005. Otherwise the general 12.5% rate applies.

Examples of financial activities that qualified for the 10% rate include:

- Banking such as lending, deposit taking and asset financing
- International financial services such as group treasury functions, intra-group lending and sales aid financing
- Insurance, both life and general and re-insurance including captive management
- Fund management
- Back office operations relating to financial services such as data processing, information storage and accounting
- Development of software for licensing in the financial services industry
- Other financial operations which contribute to the use and development of the IFSC or Shannon.

It is a requirement of the legislation that the licensed operation provide services to non-residents.

Taxation of companies

Residence

All companies incorporated in Ireland after 11 February 1999 are regarded as resident for tax purposes. All companies incorporated prior to that date are resident for tax purposes from 1 October 1999. However, the link between incorporation and residence will not apply where:

- The company or a related company carries on a trade in Ireland and either the company is ultimately controlled by persons resident in EU-member states or countries with which Ireland has a tax treaty
- The company or a related company are quoted companies
- The company is regarded as not resident in the State under a tax treaty between Ireland and another country.

Companies resident in the State are liable to Corporation Tax on all profits wherever arising. For companies incorporated outside Ireland residence is determined by where the central management control actually resides. As indicated above, a number of key factors have to be considered in determining where this management control resides, eg:

- Location of directors' meetings
- Location of shareholders' meetings
- Location of head office of the company
- Location of statutory books and company seal
- Where major contracts are negotiated and the policy determined.

Accounting periods

Corporation tax is chargeable in respect of the taxable profits of a company for an accounting period. An accounting period commences where a company

- Commences to carry on a trade
- Becomes resident in the State
- Acquires its first source of income
- Is being wound up.

An accounting period ends on the occasion of any of the following:

- On the expiration of 12 months from the beginning of the accounting period
- On an accounting date of the company or if there is a period for which the company does not make up accounts, at the end of that period
- On the company being wound up
- On the company beginning or ceasing to be resident in the State.

Accounting methods and business profits

A company's taxable trading income is usually based on the trading income as shown by accounts prepared on the historical cost basis and in accordance with generally accepted accounting principles. Specific statutory adjustments are made to the accounting profits to arrive at the taxable profits including such items as non-allowable expenses and depreciation. For 10% activities, sales to foreign affiliates at less than arms length value can be adjusted to arms length value for tax purposes as can purchases from foreign affiliates at greater than arms length value.

Any method of valuation of stock in trade (inventory) and work in progress which concurs with sound commercial accounting principals is acceptable to the Revenue

Commissioners provided that it is adopted consistently at the beginning and end of the accounting period and does not conflict with the tax law. An allowance may be claimed in respect of pre-trading expenses in the case of a trade or profession which is set up and commenced on or after 22 January 1997 provided that a number of conditions are met.

Trading losses are computed in the same manner as trading profits and specific rules determine how a trading loss can be utilised. From 1 January 200, trading losses can only be utilised against non trading profits on a value basis.

Branch profits

The Taxes Consolidation Act 1997 provides for the exemption from corporation tax and capital gains tax of income and gains from a foreign branch in the case of a company meeting certain conditions in relation to capital investment and employment creation. No company can avail of the relief unless it holds a certificate issued by the Minister for Finance before 15 February 2001.

Capital gains

Capital gains of companies are chargeable under the corporation tax system on the disposal of capital assets (except for development land). The taxable gain is arrived at by deducting from the sales proceeds, the cost incurred in acquiring the asset as indexed for inflation up to 31st December 2002. Companies that are tax resident in Ireland are taxable on world wide gains. Non- resident companies are chargeable on capital gains arising on the disposal of Irish land, building, mineral rights and exploration rights on the continental shelf together with shares in unquoted companies whose value is substantially derived from these assets. Non-resident companies are also chargeable on gains from the realisation of assets used for the purpose of a business carried on in Ireland. For disposals on or after 3 December 1997 the rate of capital gains tax will generally be 20% other than for specified exceptions where higher rates may apply.

Dividends

Dividends received by one Irish resident company from another Irish resident company are exempt from corporation tax. However, in the case of a closely held company, a surcharge of 20% on dividends received is payable by the recipient company if it does not, within 18 months of the end of the accounting period in which the dividends were received pay out the amount of dividends received as dividends to its own shareholders. Dividends from foreign companies are subject to corporation tax in the period in which they are receivable, with credit for foreign tax where appropriate.

Withholding tax at the standard rate of income tax (currently 20%) applies to dividend payments.

Withholding tax must be deducted except where the dividend is paid to any of the following:

- An Irish resident company
- An Irish resident pension fund or charity
- A person, not being a company who is neither resident nor ordinarily resident in Ireland and who is a resident of a country with whom Ireland has a tax treaty, or a resident of an EU Member State (other than Ireland)
- Companies not resident in Ireland, which are ultimately controlled by residents of a tax treaty country or an EU Member, State (other than Ireland)
- Companies not resident in Ireland, the principal class of whose shares or the shares of its 75% parent are substantially and regularly traded on a stock exchange, in a tax treaty country or an EU Member State.
- Companies resident in another EU Member State or a tax treaty country and which are not controlled by Irish residents
- Companies not resident in Ireland which are wholly owned by two or more companies each of whose principal class of shares is substantially and regularly traded on one or more recognised stock exchanges in a 'relevant territory or territories'.

Management fees

Management fees are taxable on a receivable basis and particularly when rendered to a non-resident associated company, should be commensurate with services rendered.

Deductions

Business expenses

Business income is calculated for tax purposes using the ordinary principles of commercial accounting. It is, however, based on the profits shown on the company accounts, subject to any modifications required by law. In order to be deducted in calculating trading income, the expenditure must have been incurred wholly and exclusively for the purposes of the trade. Any transactions made on terms other than arms length may be disallowed on the grounds that the expenditure cannot have been incurred wholly and exclusively for the purposes of the trade.

Depreciation

The depreciation of capital assets charged in the accounts is not an allowable deduction in calculating taxable profits but is replaced by tax depreciation also known as capital allowances. The rates of these allowances are fixed by law and are available in respect of capital expenditure on the following types of depreciating asset used in the trade:

- Industrial buildings and hotels
- Machinery and plant
- Scientific research assets
- Mines and minerals
- Multi storey car parks, toll roads, bridges, etc.

Allowances are generally not available for expenditure on goodwill, trademarks and non-industrial buildings such as offices, show rooms, etc. The general effect of these allowances is to permit capital expenditure on qualifying assets used in the trade to be deducted from profits over a period varying with the category of asset.

Losses

Trading losses up to 6 March 2001 can be set off against profits of any description, including capital gains, arising in the same accounting period or (except for capital gains) in the immediately preceding period of the same length, if the company was carrying on the same trade. However, trading losses arising after 6 March 2001 may be set off on a value basis against income for the current year and the previous accounting period. As trading profits are taxed at 12.5% (with effect from, 1 January 2003) and other sources of income are taxed at 25%/20%, a greater amount of trading losses are required than the amount of income from other sources in order to eliminate tax on this income.

Any balance of trading loss or the whole of the loss, if the above reliefs are not claimed, may be carried forward against future income of the same trade without time limit. Certain restrictions on the use that a company may make of losses will apply where there is a delay in filing of the company tax returns. Changes in the ownership of the company or in the nature of the trade may also alter the general rules in relation to taxation losses.

Consolidation

Under Irish tax law, every company is treated as an independent entity and there is no general provision for consolidated group tax treatment. There is however a number of special reliefs for members of a group of companies and for consortium companies.

Groups

For Irish tax purposes, 'a group' normally means two or more Irish resident companies where the Irish parent company beneficially, whether indirectly or directly, owns at least 75% of the issued ordinary share capital of the subsidiary company or companies. All companies in the group must be resident in Ireland entitling members of the group to surrender trading losses to another member of the same group (see below for additional loss relief within the EU). The surrendering company must also notify the Inspector of Taxes of its consent to surrender their relief.

Group relief is also available to members of a consortium where the loss making company is owned by a consortium. The consortium must consist of five or fewer companies which own between them all the ordinary share capital of the trading company (or of a holding company whose business consists wholly or mainly of the holding of shares in trading companies which are its 90% subsidiaries). The loss making company cannot be more than a 75% subsidiary of any member of the consortium. Losses (except capital allowances or excess charges on income of the company), sustained in a 10% trade, can only be surrendered to another group or consortium company which is also liable at a 10% rate of tax.

With effect for accounting periods ending on or after 1 July 1998, companies resident in an EU Member State can be taken into account in determining if the requisite group or consortium relationship exists. However, losses can only be surrendered between Irish resident companies and branches of foreign companies within the charge to Irish Corporation Tax.

Sales of assets between companies within a group are treated as if the transaction gave rise to no profit/no loss companies within a group could also claim roll over relief where one company disposes of certain assets up to 4 December 2002 and another company within the group reinvests within specific time limits. However, any capital gains arising on the disposal of 'old assets' which have been deferred on the acquisition of "new assets" before 4 December 2002 can continue to be deferred so long as the consideration for the disposal of the 'new assets' continues to be reinvested in other permitted assets.

Taxation of foreign corporations

The Irish tax liability of a non-resident company is in most cases determined by a double taxation treaty. In general, treaties limit the taxation of industrial and commercial activities in Ireland to the profits attributable to a permanent establishment. In such a case the calculation of tax chargeable on the profits of the permanent establishment is similar to that of an Irish resident corporation.

Ireland has comprehensive double taxation agreements in force with 42 countries. The list of agreements in force at 1 June 2004 is as follows:

- Australia	- Austria	- Belgium
- Bulgaria	- Canada	- China
- Croatia	- Cyprus	- Czech Republic
- Denmark	- Estonia	- Finland
- France	- Germany	- Hungary
- India	- Israel	- Italy
- Japan	- Korea (Rep of)	- Latvia
- Lithuania	- Luxembourg	- Malaysia
- Mexico	- Netherlands	- New Zealand
- Norway	- Pakistan	- Poland
- Portugal	- Romania	- Russia
- Slovak Republic	- Slovenia	- South Africa
- Spain	- Sweden	- Switzerland
- United Kingdom	- United States	- Zambia

Three further agreements have been signed but are not yet in full effect, they are:

- Canada – renegotiated (signed 8 October 2003)
- Greece (signed 24 November 2003)
- Iceland (signed 24 November 2003).

Taxation of foreign income

An Irish resident company set up by a foreign company may in turn have foreign operations. These will be taxed as follows:

Branch income

The profits of a foreign branch of an Irish resident company are subject to corporation tax for the accounting period in which they are earned, whether they are repatriated or not.

Where treaty relief applies, the branch after-tax profits are increased by the amount of foreign tax paid and the foreign tax is allowed as a credit against the corporation tax liability attributable to the branch profits. Otherwise the foreign tax paid can be claimed as a deduction.

Income of foreign subsidiaries

Gains on sales of shares in foreign subsidiaries or on disposals of foreign branch assets are subject to corporation tax as capital gains. A participation exemption has been introduced for capital gains tax arising on disposal of substantial shareholdings in EU/Double Tax Treaty resident companies. The Irish holding company must hold at least 10% of the investee company and that holding has a value of 15 million. Alternatively, it must hold 5% and have a value of EUR 50 million. This will not take effect until EU approval from a State Aid perspective has been received. Dividends from non-Irish sources are liable to corporation tax for the period in which they are due and payable subject to credit relief for foreign tax. Yearly interest is liable to corporation tax in the period of receipt, subject to relief for foreign withholding tax. Foreign royalties are normally taxable on a receivable basis with credit for foreign withholding taxes.

Partnerships and joint ventures

Taxable income

The Income Tax liability of partners is the several liability of the individual partners and not a joint partnership liability. Each partner is liable only for Income Tax on his own share of the partnership profits. Accounts profits are adjusted for tax purposes in the normal way. Capital gains of the partnership are assessed on the individual partners. A joint return of partnership income must be made by the precedent acting partner, who is usually the partner resident in Ireland first named in the partnership agreement. In the case of a partnership of companies or the participation of a company in partnership with an individual, the companies' share of partnership profits is included in its total corporation tax profits for the related accounting period.

Taxation of foreign partners

A non-domiciled and/or a non-resident individual who is in partnership with one or more Irish partners is subject to income tax on his share of any Irish profits and to capital gains tax on his share of gains associated with an Irish trading base. A non-domiciled but resident individual would be subject also to tax on his share of foreign profits if the partnership is Irish controlled or on his share of foreign profits remitted to Ireland if it is not. Relevant double taxation treaties might however modify these general rules.

A company not resident in Ireland is subject to corporation tax on its share of any Irish trading profits and related capital gains associated with the partnerships Irish base and to Income Tax on its share of any other Irish income of the partnership.

Joint ventures

A joint venture company is a separate entity and is subject to tax in the normal manner.

Value added tax

Ireland introduced value added tax legislation with the VAT Act of 1972. Subsequent amendments to that legislation, including several Finance Acts, reflected the establishment of the single market within the European Union and the issue of VAT Directives by the EU Council. The most important directives are 6th, 7th and 8th VAT Directives and the 2nd Simplification Directive.

Value added tax is chargeable on the supply of goods and services within Ireland by a taxable person in the course or furtherance of any business carried out by him and on goods imported into Ireland. Taxable persons (ie. VAT registered entities) must account for VAT on any supplies made and are allowed credit against any liability arising for tax borne on business purchases and other inputs as evidenced by correctly prepared VAT invoices. Taxable persons must be registered with the Revenue Commissioners for VAT purposes. In general, VAT returns are filed bi-monthly, eg. January/February, March/April, etc. The taxable person must make a return to the Revenue Commissioners and pay any VAT due being the difference between the output tax for which he is accountable on his sales for the period and the input tax incurred on any purchases for the period. The Revenue Commissioners may authorise certain VAT registered persons to make an annual VAT return and to pay their VAT on an annual basis.

Tax relief

The main VAT rates applied in Ireland are the zero, 13.5% and 21% rates.

13.5% rate: the major items attracting 13.5% rate include:
- Hotel, holiday accommodation and restaurant meals
- Brochures, periodicals and newspapers
- General agricultural and veterinary services
- Electricity, fuel for power and heating
- Admissions to cinema
- Property (see below).

21% rate: all goods and services which do not fall into the above categories and are not exempt activities.

Exempt activities

The major items specifically exempt from VAT are:
- Admission to sporting events
- Medical, dental and optical services
- Certain childcare services and educational services
- Transport of passengers and their baggage
- Insurance services, certain banking and stock exchange activities.

Persons who make only exempt supplies are not allowed to register for VAT. VAT is not charged on exempt supplies and therefore the VAT charged on the inputs of a person making exempt supplies cannot be reclaimed and represents a real business cost. In certain circumstances, supplies made outside Ireland or made otherwise than in the course of a business are outside the scope of value added tax.

Short-term lettings (less than 10 years) are also exempt from VAT, but a waiver of exemption can result in entitlement to reclaim input credits as well as an obligation to charge VAT at 21%.

Property

As a general rule property does not attract liability to VAT unless all or a number of conditions are satisfied including the following:

- The property must have been developed or redeveloped after 31 October 1972
- The person making the supply must hold a taxable interest in the property and must dispose of a taxable interest in the course of business
- The vendor must have been entitled to an input credit for any tax suffered in relation to the development or the acquisition of an interest in the property.

This is an extremely complicated area and specific advice should be sought well before the relevant transactions take place.

Non-resident

Non-residents are liable to register for VAT if they make taxable supplies of goods or services in Ireland. It is important, therefore, to establish whether the supplies are made in Ireland.

Foreign business

A person carrying out a business in the EU other than in Ireland who is registered for VAT in his own country and who suffers Irish VAT which would qualify as input tax if he were an Irish trader, may claim repayment of that tax directly from the Irish Revenue Commissioners, subject to regulations relating to minimum amounts and frequency of claims. In principle, the same would apply to a trader who belongs in non EU countries.

5. Taxes on individuals

Income tax

Territoriality and residence

In general, one of three situations will apply:

- An individual resident and domiciled in Ireland is subject to income tax and capital gains tax on his world wide income and gains, although generally, he is able to claim relief for foreign losses
- A non-resident is subject to income tax only on income arising in Ireland (but not income from certain government securities) and capital gains tax on gains from assets situated in Ireland and associated with the Irish branch or trading agency subject to any double taxation treaties
- A resident individual who is not domiciled in Ireland or who is an Irish citizen not ordinarily resident in Ireland is subject to Irish income tax on Irish and UK income as it arises and on other income to the extent that it is remitted to Ireland.

Resident and ordinarily resident

The terms resident and ordinarily resident are technical terms, which are defined in the Taxes Consolidation Act 1997. An individual is resident in the State in a tax year if he spends:

- 183 days in the State in that year
- 280 days in aggregate in that tax year and the preceding tax year in the State.

Notwithstanding the second rule above, the individual who is resident in the State for 30 days or less in a tax year will not be treated as resident for that year unless he elects to be resident.

Ordinarily resident

An individual is ordinarily resident in the State for any tax year if he has been resident for each of the three preceding tax years.

An individual leaving the State will not cease to be ordinarily resident unless he has been non-resident for three continuous tax years. Where an individual is not resident in the State but ordinarily resident, he will be subject to Irish tax on Irish source income and foreign income excluding income derived from a trade or profession, no part of which is carried on in the State, or from an office or employment, all the duties of which are performed outside the State. The first EUR 3,810 of foreign investment income is exempt.

Domicile

The principle of domicile is a concept of general law and broadly refers to the country that an individual considers as his or her permanent home in the widest sense. It is not therefore determinable in the same manner as residence or ordinary residence. An individual acquires a domicile of origin at birth and this is normally that of the father. This domicile is retained unless an individual takes steps to acquire a domicile of choice. Such steps would normally entail a positive indication of a change of citizenship, the making of a will under the laws of the place adopted as the new domicile, disposing of property where the domicile of origin arises, etc. In the case where the individual is not domiciled in the State or being a citizen of the State, he is not ordinarily resident in the State, he is liable to tax only on so much of his foreign income as is remitted to or enjoyed in any form in the State.

Cross border workers

Income tax payable in the State for 1998-99 and thereafter on employment income from a country with which Ireland has a double tax treaty is reduced by the proportion that the employment income bears to total income. Certain conditions must exist for this relief to be claimed, eg:

- The employment is held outside Ireland in a country with which Ireland is a double taxation treaty
- The employment is held for a continuous period of 13 weeks
- The employment must not be with the government or an authority set up by the State or under statute
- The duties of the employment must be performed wholly outside Ireland (incidental duties performed in the Ireland are regarded as performed outside Ireland)
- The income must be taxed in the other country
- The employee must spend at least one day per week in Ireland.

Non-resident individuals

Non-resident individuals from other EU member states with income subject to Irish tax may claim personal allowances proportionate to the amount of income subject to Irish tax. Where the income subject to Irish tax is more than 75% of total income, full personal allowances will apply. As with cross border workers legislation, certain conditions and requirements must be met to avail of this deduction.

Individuals are subject to income tax on the basis of the schedule and cases set out earlier and assessed at progressive rates attributable to each tax year. For the tax year 2004 the relevant rates are 20% and 42%. In addition, employees are charged Pay Related Social Insurance (PRSI and levies), the rates of which vary between 4% and 6% depending on the gross earnings.

All remuneration including all benefits and facilities derived from employment is taxable but expenditure incurred wholly, exclusively and necessarily in carrying out the employment can be claimed as a deduction.

Foreign personnel – employment income

The liability to Irish tax on employment is dependent on a combination of factors including; the employer's country of residence, the employees' domiciled status, the employees' residence status, the place where the duties are performed and in certain cases the period of time the employee spends outside Ireland in performing the duties of the employment.

Most benefits are taxed on the basis of the cost to the company, for example living allowance, housing allowances, cost of educating children, medical fees, holidays and so on. The Income Tax payable on employment income is normally collected by deduction at sources under the Pay As You Earn (PAYE) system together with employer and employee Pay Related Social Insurance (PRSI) contributions which are based on the level of remuneration.

Other income

Irish resident individuals are in principle subject to tax on their world wide income including interest, dividends, rents, royalties, professional fees, pensions and annuities. Individuals who are resident but not domiciled in Ireland are generally taxed on foreign income gains only if they are remitted to Ireland.

Business profits

Individuals who are doing business in Ireland, ie. carrying out a trade, profession or vocation here, have their business profits taxed under schedule D, cases I or II, in a way similar to that of companies. Broadly the same deductions are available.

Deductions

An individual who is subject to Irish income tax can deduct from his taxable remuneration any expenses wholly, exclusively and necessarily incurred in the performance of his duties. This rule is very rigid and excludes many expenses from relief. Entertainment expenses are expressly disallowed to the employee.

Capital gains tax

Capital gains tax may apply to gains on the realisation of all forms of property, stocks and shares, land and buildings, goodwill, some debts, options and currency other than Euros.

Persons (Companies and Individuals) resident in Ireland are liable to capital gains tax on their world wide capital gains. However, if an individual is not domiciled in Ireland the exposure to Irish capital gains tax is limited to Irish and UK gains and any other gains to the extent that the sales proceeds are remitted to Ireland.

Non-residents, both companies and individuals, are subject to Irish capital gains tax only in relation to gains arising on specified Irish assets. Also subject to capital gains tax are gains on the realisation of assets used in an Irish business by a branch. Capital gains are computed by deducting the cost of the assets as adjusted for inflation up to 31 December 2002 from sales proceeds. The relief for inflation is only available if the asset is held for more than 12 months. Special rules apply in disposal of land with development value and only a limited form of indexation is available. Capital gains are normally taxable at a rate of 20%.

Irish capital gains tax legislation facilitates corporate reorganisations on a tax-free basis in situations where there is a share for share exchange.

Capital acquisitions tax (CAT)

Transfers of property between individuals are liable to gift tax during lifetime and to inheritance tax on death. From 1 December 1999, the circumstances applying to both gifts and inheritances are the same for the purposes of capital acquisitions tax and a single rate of 20% applies. In calculating CAT there is a tax free threshold available, depending on the relationship between the disponer and the beneficiary.

The entire property comprised in the gift or inheritance taken on or after 1 December 1999 is taxable where, at the time of the gift or inheritance:

- The disponer is resident or ordinarily resident in Ireland
- The donee or successor is resident or ordinarily resident in Ireland

- The property is situated in Ireland.

Where the disponer or the donee/successor is non domiciled, he/she will not be considered to be resident or ordinarily resident in Ireland until 1 December 2004 and then only if he or she has been resident in Ireland for the five consecutive tax years preceding the relevant date.

Provision is made for relief from CAT for business property acquired by gift or inheritance or on determination of a life interest. Relief is given at the rate of 90% provided certain conditions are met.

Social security

There is a basic social security system operated by the Irish government. Through a system of contributions and credits benefits are provided during periods of sickness, maternity, unemployment and invalidity. Certain other benefits are available without the need for contributions to have been paid. Retirement pension is based on contributions and credits are also provided.

Contributions

All persons in employment pay contributions to the state social security scheme known as Pay Related Social Insurance (PRSI). Individuals may also be entitled to contribution based benefits by obtaining credits during periods when they are unable to work through for example unemployment, sickness or maternity.

Foreign nationals coming to Ireland to take up employment with Irish resident employers must contribute to the scheme on the same basis as Irish citizens. Foreign workers seconded or assigned to Ireland, but remaining employees of non-resident employers, may obtain certain exemptions from liability to Irish contributions and continue to pay social insurance contributions in their own country. In addition, social security agreements exist between Ireland and a number of countries. These eliminate liability to pay contributions in two countries at the same time and aim to provide continuity of entitlement to benefits throughout and beyond the employees working life. Workers who are nationals of member states of the European Economic Area (EEA) are subject to the contributions and benefit rules of the European Community.

Both employers and employees contribute to the Irish system. Contributions are payable only in relation to wages actually paid to employees. In addition contributions are now payable on benefits in kind e.g. company cars.

Benefits

The provision of health care is not linked to the payment of PRSI contributions.

Medical care provided in public hospitals is normally free of charge or available at nominal charges. Outpatient services (visits to doctor, etc.) are however only provided free to lower income groups. Foreign visitors to Ireland are not normally entitled to free medical treatment but citizens of a member state of the EEA may draw upon their entitlement to other benefits as defined in EU regulations.
Other foreign workers coming to Ireland, together with their families may receive contribution-based benefits on the same basis as Irish citizens once a satisfactory Irish contribution history has been established.

Other taxes

Custom duties

Goods imported into Ireland may be subject to custom duties. As custom duties are an EU tax collected and administered by the tax authorities in the various member states, the duty is payable on the importation of goods from outside the EU. Customs duties are charged on the customs value of goods imported which is normally the transaction price for the goods together with insurance costs and costs of freight to the point of entry into the EU. In contrast to VAT, they represent a real cost to business and careful planning is required in order to minimise potential costs.

Excise duties

Excise duties are a further form of tax applying to a limited range of goods including hydrocarbon oils such as gasoline and diesel, alcoholic drinks and tobacco products. These duties apply regardless of whether the goods are manufactured in Ireland or imported and are payable in addition to customs duties and VAT.

Stamp duty

Stamp Duty is payable on the transfer of most forms of property where such a transfer is effected by way of a written document. In the absence of a written document no charge will generally arise. Duty of 1% applies on the transfer of common stock or marketable securities. Transfer of most other forms of property attracts duty at varying rates up to 9%.

Capital duty

Capital duty of 1% on the consideration is payable by limited companies on the issue of share capital. The duty is a single payment only and there is no annual tax on company capital or on the capital of unlimited companies.

Local taxes

In Ireland, the only taxes generally collected by municipal and other local territories are known as rates. Rates provide part of the funds required by these authorities for local services. They are assessed on the occupiers of property rather than domestic dwellings at a rate determined annually by each authority for its own area. Rates on properties occupied for the purpose of a trade, business profession or vocation are an allowable expense for tax purposes. A 10-year remission of rates is available to companies operating in the International Financial Services Centre in Dublin and to companies operating in designated urban renewal areas.

6. BDO *offices*

BDO has offices in the following countries:

Algeria
Argentina
Australia
Austria
Bahamas
Bahrain
Belgium
Bolivia
Botswana
Brazil
British Virgin Islands
Bulgaria
Canada
Cape Verde
Cayman Islands
Chile
China (PRC)
Colombia
Cyprus
Czech Republic
Denmark
Dominican Republic
Ecuador
Egypt
Estonia
Fiji
Finland
France
Germany
Gibraltar
Greece
Guatemala
Guernsey
Hong Kong
Hungary
India
Indonesia
Ireland
Isle of Man
Israel
Italy
Jamaica
Japan
Jersey
Jordan
Kazakhstan
Korea
Kuwait
Latvia
Lebanon
Liechtenstein
Lithuania
Luxembourg
Malaysia
Malta
Mexico
Morocco
Mozambique
Namibia
Netherlands
Netherlands Antilles
New Zealand
Nigeria
Norway
Oman
Pakistan
Paraguay
Peru
Philippines
Poland
Portugal
Qatar
Romania
Russia
Saudi Arabia
Senegal
Serbia
Singapore
Slovak Republic
Slovenia
South Africa
Spain
Sri Lanka
Sweden
Switzerland
Taiwan
Thailand
Tunisia
Turkey
Turkmenistan
Ukraine
United Arab Emirates
United Kingdom
United States of America
Uruguay
Vanuatu
Venezuela
Vietnam
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