



Investing in Ireland

Issue 32 October 2017

Welcome to the 32nd edition of PwC's newsletter on foreign direct investment ("FDI") in Ireland.

Ireland's economic growth has continued with an increase in both GDP and exports (see page 7). There has also been positive feedback on Ireland's corporate tax regime from the OECD and independent economist Seamus Coffey (see page 4).

Irish – US business relations continue to be strong (see page 6), while Ireland also retains its number one ranking in a number of key areas (see page 7). We also highlight a number of key business events taking place in Ireland (see page 8).

Please do not hesitate to contact myself, any member of

our team, or your usual PwC Ireland contact at any stage. We would be happy to tell you more about the topics raised in this issue or to include any interested parties on our mailing list.

Remember to visit our FDI website for more updates and detailed information (<http://www.pwc.ie/fdi>), including a range of recent publications.

Liam Diamond

.....
+353 1 792 6579

+353 86 405 6965

liam.f.diamond@ie.pwc.com
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Recent FDI investment announcements

Bank of America, the multinational banking and financial services corporation, has chosen Dublin as the preferred location for its principal EU legal entities

Beazley, the worldwide specialist insurance business, announced that it is going to establish a European insurance company in Dublin

Biomarin, a global biotechnology company, has announced the expansion of its facility to manufacture medicine for rare genetic diseases in Shanbally, Co. Cork

Chaucer, a specialist insurance group, announced that the Central Bank of Ireland has approved the formation of a Dublin-based company to write international speciality insurance and reinsurance business

Citi, the leading global financial institution, announced that Dublin has been chosen as one of a number of European locations for expansion as part of its Brexit response

Graebel Companies, one of the world's leading employee and commercial relocation service providers, announced the creation of 125 new jobs in its EMEA financial shared services and operations centre in Dundalk

KBRA, a credit ratings agency, announced its expansion into Europe with the opening of its European headquarters in Dublin, and the expected creation of 100 new jobs over the next three years

PennEngineering, a global leader in innovative fastening technologies and solutions, has announced plans to expand its presence in Ireland with a new 80,000 square ft facility in Galway

Shopify, a leading e-commerce platform, announced plans to hire 100 support staff in the west of Ireland

Synexa Life Sciences, a global leader in biomarker services, has announced the opening of its international headquarters in Dublin and expects to create up to 30 highly skilled jobs over the next five years

TD Securities, a Canadian investment bank, confirmed that it will be expanding its operations and plans to establish a bond trading business in Ireland

Unilever, the worldwide consumer goods company, announced a partnership between its global start-up collaboration platform, Unilever Foundry, and Dogpatch Labs, Ireland's leading start-up hub

XL Group, a global insurer, announced that it has selected Dublin as its preferred location for its principal EU insurance company, XL Insurance Company SE

Zendesk, a customer service software and support ticketing system, announced that it is looking to hire an additional 300 staff for its EMEA headquarters in Dublin





“Ireland in particular is an ideal test bed and can play a unique role within the global Unilever innovation eco-system while at the same time helping shift our corporate mindset and bringing more dynamism into our company culture.”

Nick Johnson - Managing Director, Unilever Ireland

“As we continue to grow our business in Europe, we are pleased to announce the expansion of our Dublin office, which will also position us well for all outcomes of Brexit negotiations. TD Securities has a long standing history in Ireland and our fully licensed broker-dealer will continue to benefit from Ireland’s commitment to economic growth.”

Peter Walker - Vice Chair and Regional Head of Europe & Asia-Pacific, TD Securities

“Ireland has proved to be an ideal location to expand our operations. The team at Shanbally has enabled us to accommodate our growing commercial portfolio and advancing clinical programs.”

Jean-Jacques Bienaimé - Chairman and Chief Executive Officer, BioMarin

Positive reviews of Ireland's corporate tax regime

As Budget 2018 (10th October 2017) beckons, Ireland's corporate tax code has received positive endorsement in recent months.

- Positive review of Ireland's tax transparency from the OECD (August 2017)
- Independent review by Seamus Coffey of Ireland's corporate tax code finds it is fit for purpose, competitive and transparent (September 2017)
- Ireland continues with implementation of various agreed upon EU/OECD "BEPS" tax measures (ongoing)
- Continued strong support for Ireland's 12.5% statutory corporate tax rate

As we look to Budget 2018, no significant corporate tax changes are anticipated. As a result, Ireland should continue to offer a stable, competitive tax rate and regime in a favorable business environment to new and existing investors.

12.5% statutory tax rate

25% (refundable) R&D tax credit

6.25% rate for qualifying "knowledge box" profits

Extensive tax treaty network

EU, Eurozone, OECD member

English language and common law



"... predictability of the rate of corporation tax and certainty that it will not change is as important as the 12.5% rate itself"

Minister Paschal Donohue

8th September 2017

Dublin ranked 1st in Eurozone in FDI Global Cities of the Future

Dublin has displaced Hong Kong to rank 3rd overall in this year's FDI Global Cities of the Future report by FDIIntelligence and 1st in the Eurozone.

The city continues to go from strength to strength as a hub for software and IT FDI, which accounted for 45.2% of all Dublin's FDI between 2011 and 2015.

Dublin's competitive advantages:

1. A global digital city with most of the leading global digital companies having a significant presence.
2. Open and welcoming for global talent – LinkedIn, Google, Facebook and Airbnb offices in Dublin have hundreds of different nationalities within their Dublin workforce.
3. Capacity to build over 10m square feet of offices of which 4.3m is currently under construction.
4. 3 universities in the top 500 in the world with over 50,000 students.
5. Corporation tax rate of 12.5 %.

Ireland ranks Number 1 for Digital Business Models

A recent study carried out by PwC, the University of Mannheim and the Centre for European Economic Research ("ZEW") analysed the tax attractiveness of locations for digital business models across different countries. In terms of direct business taxation, Ireland was found to be the most attractive location.

The digitisation of the economy is occurring across industries and is continuously creating new business models. Investments in digital goods and technologies are increasing productivity and boosting economic growth. In addition, they should also form the basis for innovations, increasing efficiency and higher sales potential. The increasing use of customised software is a significant success factor in creating added value.

The key factors in Ireland being number 1 for tax attractiveness are the 12.5% statutory corporate tax rate and the various R&D incentives (including the 25% refundable R&D tax credit and 6.25% rate for qualifying "Knowledge Development Box" profits).



US Investment in Ireland

According to the IDA's first half year results, FDI will create around 11,000 jobs in Ireland in 2017. With US companies accounting for 74% of all IDA clients, many of these jobs will be created by US companies.

Some of the key trends being seen in 2017 are:

- Companies are committed to building their talent pipeline in Ireland. Perhaps more significantly, companies are expanding their current footprint.
- A strong trend carried over from 2016 is the spread of jobs announcements across Ireland, not just Dublin.
- The larger cities outside of Dublin, in particular Cork and Limerick, remain prime locations for US investment.
- While Ireland's stock continues to grow in terms of attracting new high growth companies here, other US companies are celebrating significant milestones such as Allergan (40 years in Ireland).

Connected Ireland

Canada

Air Canada has announced new direct services from Shannon to Toronto, and from Dublin to Montreal, starting in 2018. The announcements come as travel between Ireland and North America as a whole continues to boom.

Aer Lingus, WestJet, Air Transat and ASL Airlines France all fly to Canadian destinations from Dublin, and Air Canada will also be increasing its weekly flights between Vancouver and Dublin from three to five as of summer 2018.

Asia-Pacific

Dublin's first ever direct route to the Asia-Pacific region will operate a new direct to Hong Kong service four times per week from June 2018 with Cathay Pacific. Currently about 40,000 people per year travel between Dublin and Hong Kong, but this is expected to grow with the opening of the new direct service. The route will operate from June 2, 2018, offering connections to China, Japan and Australia.



Ireland maintains its #1 rankings



1 IMD World Competitiveness yearbook 2017

2 IBM Global Trends 2017

3 Indeed Workplace Enjoyment Ranking 2016

4 Digital Tax Index 2017: Locational Tax Attractiveness for Digital Business Models

5 Global Cities of the Future 2016/17 – FDI Intelligence

Economic update

Ireland's economy has shown strong growth in 2017 as shown by:

- 6.1% increase in GDP (Q1 2017)
- 10% increase in exports in the first five months of 2017
- Investment grew by 26% in Q1 of 2017
- The unemployment rate fell to 6.3 percent in August 2017 (down from 7.9 percent in the same month of the previous year)
- Online consumer spending increased by 8.9% (compared to the same month of the previous year)

FDI news & events

Technology Ireland launches the 25th annual Software Industry Awards

Technology Ireland, the Irish Business and Employers Confederation (“IBEC”) group that represents the tech sector, launched the 25th annual Software Industry Awards on 1 September.

More than 500 digital decision-makers and leaders are set to attend the event on 24 November in Dublin. Some of the categories include Digital Technology Company of the Year, Technology Innovation of the Year, and Outstanding Academic Achievement of the Year.

Ireland-France relations

ConneXions, a new event bringing together French and Irish disrupters, innovators, businesses and investors, was held in Dublin in September. The event was organised by the Embassy of France in Ireland, in partnership with Business France and French Tech Dublin, and was supported by Dublin City Council.

In terms of the extent of the French-Irish tech community, David Jullo from Microsoft, who leads the French Tech Dublin community, said the group supports more than 500 members, representing 65 Franco-Irish start-ups and 90 investors, not to mention the number of employees of tech multinationals.

Shaping the future of Ireland’s cities

Urban Development – Shaping the Future of Ireland’s Cities, which takes place in Dublin’s Convention Centre on 19 October, marks the inaugural conference of what Urban Land Institute (ULI) Ireland hopes will be an annual opportunity for international best practice to inform the development of Irish cities.

The half day conference brings together international leaders in urban development, as well as domestic practitioners and policymakers, to discuss topics such as city governance, residential development and the rise of ‘smart’ cities.

Science Foundation Ireland invests €43 million in 26 projects

A total of €43 million is to be invested in 26 research projects by Science Foundation Ireland. The money, provided under the Investigators Programme, is aimed at helping some of the best researchers to advance important studies in key areas. These include inflammatory diseases, cancer, cattle breeding, communications, climate change and nanotechnology.

The investment will support links between the researchers and 20 different companies and 94 research jobs will be supported over the next five years by the programme. Six of the projects received co-funding from other research bodies such as Teagasc, the Geological Survey of Ireland, the Marine Institute and the Environmental Protection Agency.

Would you like to know more?

Should any of the topics covered in this newsletter be of particular interest to you, please do not hesitate to contact any member of the FDI team, or your usual PwC Ireland contact. If any of your colleagues would like to be included on our mailing list, please let us know.

Please click on our website www.pwc/ie/fdi for additional information. Various topics of interest for foreign investors can be found in the publications link in the tax section, including:

Budget 2017

Brexit

Tax Facts 2017

Companies Act 2014

Previous issue of Investing in Ireland



Contacts

Jean Delaney

+353 1 792 6280
jean.delaney@ie.pwc.com

Liam Diamond

+353 1 792 6579
liam.f.diamond@ie.pwc.com

Brian Leonard

+353 1 792 6179
brian.a.leonard@ie.pwc.com

Denis Harrington

+353 1 792 8629
denis.harrington@ie.pwc.com

Andy O'Callaghan

+353 1 792 6247
andy.ocallaghan@ie.pwc.com

Mary Honohan

+353 1 792 8609
mary.honohan@ie.pwc.com

Susan Kilty

+353 1 792 6740
susan.kilty@ie.pwc.com

Ronan MacNioclais

+353 1 792 6006
ronan.macnioclais@ie.pwc.com

Joe Tynan

+353 1 792 6399
joe.tynan@ie.pwc.com

James McNally

+353 1 792 6844
james.o.mcnally@ie.pwc.com

Terry O'Driscoll

+353 1 792 8617
terry.odriscoll@ie.pwc.com

John O'Leary

+353 1 792 8659
john.oleary@ie.pwc.com

Feargal O'Rourke

+353 1 792 6480
feargal.orourke@ie.pwc.com

Garrett Cronin

+353 1 792 8807
garrett.cronin@ie.pwc.com



www.pwc.ie/fdi

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