

Investing in Ireland

Issue 53, January 2023

Happy New Year and welcome to the January 2023 edition of PwC's newsletter on foreign direct investment ("FDI") in Ireland.

The FDI sector in Ireland continues to thrive as evidenced by the increasing number of Irish job and investment announcements over the past few months (see page 2).

We summarise key findings from IDA Ireland's recent report which highlights these very positive results for FDI in Ireland in 2022 (see page 5)

We explore Fintech growth in Ireland in recent years as Ireland has become an international hub for global technology firms and international financial services centres and we explain the "Ireland for Finance" strategy which was launched in February 2022 which aims to prioritise growth of the Fintech sector in Ireland (see page 6).

Despite increasing global economic challenges, Ireland's position as a digital leader in the EU remains strong and we explore the next phase of

digitalisation in Ireland with the new national digital strategy "Harnessing Digital, The Digital Ireland Framework" (see page 7).

As 2023 commences, we summarise the key provisions from the recently enacted Finance Act 2022 with an FDI focus (see page 8).

We also feature some recent publications and podcasts released by PwC on topical issues for FDI (see page 9) and note that Ireland continues to maintain its number one ranking in a key number of areas as summarised in our Economic Update (see page 10).

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 [HERE](#) including a range of recent publications.



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Recent FDI investment announcements

Advanced Clinical, a clinical development and strategic resourcing company, has opened a new office in Dublin creating over 20 roles (hybrid and office-based) with plans to create a further 40 roles over the next five years. The Dublin office will serve as a strategic hub for clinical research and strategic resourcing services while providing business opportunities due to the close proximity of local pharmaceutical, biotech, and medtech businesses.

Alcon, the global leader in eye care, has officially opened its Alcon Engagement Centre (ACE) in County Cork. The ACE is in addition to the recently opened R&D facility. The ACE will provide eye care professionals with the opportunity to have a complete customer brand experience by combining training and education with manufacturing, research and development.

Automatic Plastics Limited, a Comar company that specialises in transformative plastic packaging and medical solutions, has recently celebrated 50 years at its site in County Wicklow with the announcement of a multi-million expansion plan for its site which will create approximately 80 jobs over the next 3 years. The company was recently acquired by Comar in order to serve their global clients from a European facility.

Avantor, Inc, a leading global provider of mission-critical products and services to customers in the life sciences, advanced technologies and applied materials industries, has opened a new 69,000 square foot distribution centre in Dublin and is the company's most advanced distribution centre in their global network. The new facility will offer certified Good Manufacturing Practice (cGMP)

warehousing, on-site clean rooms, batch-to-batch traceability, custom palletization, inbound and outbound product quality inspections and vendor managed inventory solutions.

BJSS, a leading technology consultancy firm for businesses, has announced plans to set up a new delivery centre in Dublin creating 75 new roles. BJSS currently employs more than 2,500 people in offices in the UK, US, Australia, Portugal and Denmark and this investment will continue to strengthen their presence in Ireland.

DLA Piper, the global law firm which first established its Irish operations in 2019, has announced plans to double its workforce following a recent move to a 6,000 square foot office to accommodate its growing workforce. The firm is also a significant contributor to the community with its "Know Your Rights" programme in partnership with the Irish Refugee Council.

Dell Technologies, the technology company that develops, sells, repairs, and supports computers and related products and services has recently invested €2 million reopening its Customer Solution Centre in County Cork. The new Centre is one of 15 such centres Dell has globally. The Centre will allow businesses the opportunity to evaluate new technologies and solutions and ensure they unlock new business opportunities.

Fidelity Investments, a provider of innovative technology, has announced the creation of 300 new positions for its world class team in Ireland. The company has grown steadily from a workforce of 400 in 2013 to almost 1,500 today. Fidelity has a long history in Ireland as it created its first global footprint here in 1996.



GE Healthcare, a manufacturer and distributor of diagnostic imaging agents and radiopharmaceuticals, has opened a new €30.5 million manufacturing line at its site in Carrigtwohill, County Cork. This will manufacture injectable diagnostic imaging agents (contrast media) used in X Ray and Computed Tomography (CT) procedures around the world. The investment has created 140 new jobs. It is estimated that the new manufacturing line will expand the production capacity of the facility by over 50% by 2025.

Genesys, a global cloud leader in customer experience orchestration, has opened a new 35,000 square foot R&D centre in Galway marking its largest R&D centre in Europe. Since its establishment in Galway in 2018, Genesys has grown its team from less than 20 employees to more than 350 employees today. The company also has a strong role in the community through its employment of interns and graduates from local universities and colleges and through its support of many local amateur sports clubs.

Huawei, a company that designs, develops, produces and sells telecommunications equipment, consumer electronics and various smart devices has announced plans to open its first European cloud hub in Dublin representing a €150 million investment and the creation of 200 new jobs in the areas of sales, pre-sales, tax, operational, management and research positions. The €150 million investment in the European hub will serve customers globally and will strengthen its investment in R&D, marketing, the SME and start-up ecosystems.

Interactive Brokers, an automated global electronic broker, has opened a new office in Dublin. The company provides services to clients from all aspects of the financial spectrum from retail investors to multinational enterprises. The company currently employs 110 people in Ireland.

Logitech, the global provider of personal computer, tablet, and mobile accessories has opened a new facility in County Cork. Logitech was first established in Cork in 1988 and since then has evolved into a strategic R&D global business services site and has grown to a team of 300 people.

Lufthansa Technik, the German airline, has opened a €28 million state of the art aircraft engine repair facility in Celbridge, County Kildare which will service and repair engines for airline and aviation leasing companies from Ireland and across the EMEA region. The new facility currently employs 30 highly skilled employees with plans to more than double this in the next two years.

NetApp, a global, cloud-led, data-centric software company, has opened its new international headquarters in Ireland's largest and most ambitious urban regeneration project in County Cork. The new international headquarters will serve international commercial, sales and technology global customers through a broad ecosystem of available technology, engineering and software development talent. NetApp already hires over 100 people and will recruit a further 200 people by the end of June 2023 with an aim to reach 500 employees by 2025.

Panasonic Avionics, a company that designs, engineers, manufactures, sells and installs customised in-flight entertainment and communications devices to airlines worldwide has announced the expansion of its MRO (maintenance, repair & overhaul) facility in Dundalk County Louth. The facility was opened in 2019 and has been expanded by 500% from 6,000 square feet to 23,000 square feet. This expansion will also triple the workforce at the facility.

Pfizer, the American multinational pharmaceutical and biotechnology company, has announced plans to invest over €1.2 billion at its Grange Castle facility which will see a new facility built on the site and a doubling of the manufacturing capacity for biological drug substances. The investment will also create hundreds of new jobs. The company currently employs 5,000 people in Ireland and has been present in Ireland for 53 years.

Technimark, a global manufacturing leader for the healthcare market will double the size of its plant in County Longford with a 50,000 square foot expansion representing a €26 million investment. The expansion will create 80 new highly skilled roles over the next two years. The expansion will also include Technimark's first Innovation Centre globally.

Waters Corporation, a leading provider of lab equipment, supplies and software for scientists across the world, has recently marked 25 years of doing business in Ireland and has also announced combined investments of up to €6 million for R&D funding of new clinical diagnostic products at its site in County Wexford. The Wexford facility is the company's primary site for manufacturing and delivery of its portfolio of products and employs over 400 people currently.

Workfusion, a leader in Intelligent Automation and developer of AI-powered Digital Workers has recently chosen Dublin for its new European Headquarters. The office will create 100 new roles over the next three years and represents the company's fourth physical office globally.



“When considering where we should locate our European headquarters, Dublin was an easy choice,” “Ireland has a booming technology sector and an abundance of skilled talent, plus it’s ideally situated as the gateway to the EU. It also has great technical universities and, as an AI company, Dublin’s focus on being the world’s AI center of excellence was an added bonus.”

Adam Famularo, CEO of WorkFusion

“Interactive Brokers initially chose Ireland due to the benefits of Ireland’s EU membership, strong regulatory reputation, and ease of access to the European market. Throughout that process and into our first two years of business we have been incredibly impressed with the local financial services talent and pro-business environment.”

Kevin Keller, Chief Operating Officer at Interactive Brokers Ireland

“We have a great team here in Cork focused on supplying for our customers and their patients. Next year marks our 30-year anniversary of production and this new production line is central to our continued growth.”

Eugene Barrett, GE Healthcare Ireland Site Leader



FDI in Ireland - 2022

IDA Ireland, the Government agency responsible for attracting and maintaining FDI in Ireland, recently published its annual report outlining Ireland's FDI results for 2022.

Despite a difficult global economic backdrop, the IDA has reported the highest level of FDI employment ever in Ireland. The number of people directly employed by FDI businesses in Ireland reached 301,475 people in 2022, representing a 9% increase from 2021 which in itself was also a record year.

Of the 242 new 2022 investments, 103 (43%) of these were "new name" investments, being companies which have not previously invested in Ireland. Moreover, 127 (52%) of these went to regional locations further strengthening the popularity of Ireland's regional locations as an ideal investment location for FDI investment.

IDA Ireland also has a Property Programme which is a regional building programme which aims to build 19 Advance Technology Building Solutions across the regional locations of Ireland. In 2022, 4 buildings were completed in Monaghan, Sligo, Dundalk and Limerick with 4 other buildings currently under construction at present in Carlow, Limited, Waterford and Athlone and expected to be completed in Q1 2023.

Employment across all core FDI sectors grew in 2022 as follows:

- Information and Communication Services (increase of 9%)
- Modern Manufacturing (increase of 8%)

- Traditional Manufacturing (increase of 5.6%)
- Business, financial and other services (increase of 9%)

The IDAs 2021-2024 strategy "*Driving Recovery and Sustainable Growth*" has sustainability as one of the key five pillars of the strategy. This was evident in the 21 investments secured focusing on this pillar, most of these being focused on climate change mitigation.

It was recognised that in order for companies in Ireland to maintain their competitive edge, a strong focus is required on transformation abilities as we move towards a high-tech and low carbon economy. The 2022 results for the FDI sector in Ireland further highlights their flexibility in response to changes in the wider global economy.

Highest FDI employment ever

- Strong year for FDI in Ireland despite global economic uncertainty
- 242 investments won in Ireland in 2022
- 127 (52%) of new investments chose regional locations
- Direct FDI employment grew to 301,475 - an increase of 9% from 2021
- Exports of \$315bn - an increase of 8.7% from 2021

Fintech growth in Ireland

Ireland is a fast-growing investment location for global technology firms and international financial services centres. This is due to a range of factors, including its skilled, highly-educated and English-speaking talent, EU membership, and deep ties across the Atlantic with growing ties in Asia and further afield.

Owing to this, Ireland currently hosts a variety of emerging and long-established FinTech hubs including Bank of Ireland's Innovation Lab and Mastercard's European Technology Hub to name a few.

The continued growth of this sector offers a variety of benefits, including better online services and choice for consumers both in Ireland and Internationally, increased competitiveness of the Irish economy and the advancement of financial inclusion.

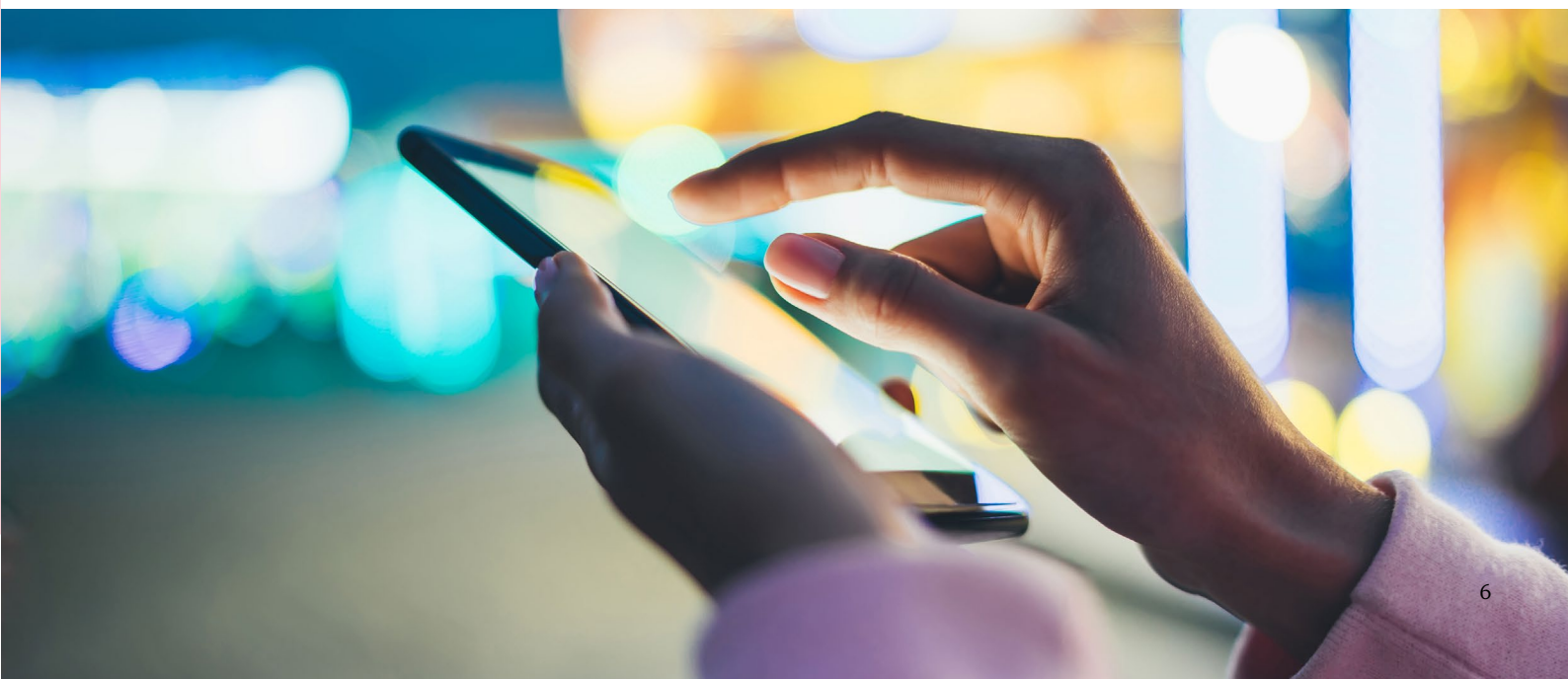
As part of the "Ireland for Finance Action Plan 2022" published by the Department of Finance in February 2022, the growth of digital finance and the FinTech sector has been prioritised by the Irish Government, supported by its regulator - the Central Bank of Ireland. This action plan has been developed over time in line with prevailing economic circumstances, such as the impact of the Covid-19 pandemic and remote

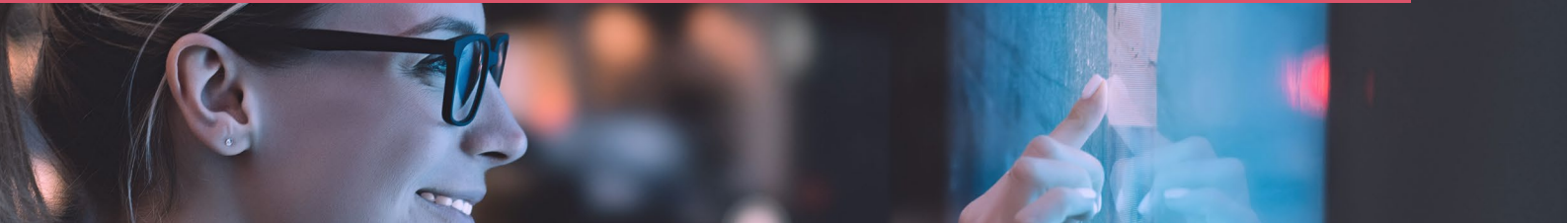
working, global tax developments and the acceleration of the digital and sustainable finance agendas.

As a result, an updated action plan was launched in October 2022 with a new FinTech steering group established in the Department of Finance in response to the accelerated international trends and record digital finance capacity experienced by Ireland's financial services sector further highlighting the importance of FinTech to the Irish economy.

The Minister of State with special responsibility for Financial Services, Credit Unions and Insurance, Seán Fleming, has recently expanded this group to the private sector with the aim of more closely aligning the State and industry in developing future policy direction and job creation within the digital finance sector in Ireland. The Irish Government aims to create 5,000 net new jobs in the sector by 2026 with over 52,000 people currently employed in the sector.

It is hoped that this private and public sector collaboration can continue to boost Ireland's status as a premier location for green and digital finance for many years to come.





Ireland - The Future is Digital

While the EU's 2022 Digital Economy and Society Index saw Ireland retain its strong overall position of 5th in the EU on digital progress, Ireland remains focused on driving further progress across all aspects of our digital agenda.

Given the significant challenges and economic headwinds that businesses and households face as a result of high inflation, high interest rates, and energy challenges, digitalisation is becoming increasingly important. The Government is aware of the challenges confronting the technology sector and is committed to maintaining our focus on competitiveness and ensuring that Ireland is the best place in Europe to invest and grow in this digital age.

At the inaugural Digital Ireland Series event, Ireland's Taoiseach, Micheál Martin, acknowledged the significant challenges facing the technology sector and stated that *"we are confident that the sector will see growth again over the medium term; we believe the future is digital."* To solidify this, Ireland is setting ambitious targets for the next phase of digitalisation so that Ireland can continue to be a digital leader, driving and enabling digital transformation across the economy and society.

Earlier this year, the Irish government unveiled its new National Digital Strategy "Harnessing Digital, The Digital Ireland Framework", which outlines how Ireland will remain committed to being a digital leader at the heart of European and global digital developments. The Strategy sets out a roadmap to drive and enable the digital transition across the economy and society, to maximise the efficiency of public services, the productivity and innovation of enterprise and our overall competitiveness and sustainability.

The Irish Government will ensure the National Digital Strategy is achieved by actioning the following:

- Making connectivity available to everyone, including through the National Broadband Plan, Remote Working Hubs and Broadband Connection Points, with a target of having all Irish households and businesses covered by Gigabit network no later than 2028 and all populated areas covered by 5G no later than 2030
- Providing digital skills for all – from school, to further and higher education, to life-long learning, with a target of increasing the share of adults with at least basic digital skills to 80% by 2030
- Ensuring widespread access and use of inclusive digital public services, with a target of 90% of services to be consumed online by 2030
- Helping small businesses benefit from digital opportunities by providing grants and assistance, with a target of 90% of SME at basic digital intensity by 2030 and 75% enterprise take-up in cloud, AI and big data
- Investing in cyber-security to protect Irish citizens and businesses, including increased resources for the National Cyber Security Centre

The Irish government published a progress report on our National Digital Strategy on December 7th, highlighting that work is currently underway to ensure Ireland meets its ambitious targets. **If you wish to read about the progress report, please see [HERE](#).**

Finance Act 2022

Draft legislation was released on October 20th 2022 and was recently signed into law by the Irish President on 15 December 2022 as Finance Act 2022. The Act sets out the legislative changes required to implement the Budget 2023 announcements from September last and as summarised in our last issue of Investing in Ireland. The Act included a number of important changes of relevance to the FDI sector and we have highlighted these below:

- The 25% refundable R&D tax credit has been updated to provide greater flexibility for taxpayers claiming the credit and minor modifications to the mechanics of the credit to respond to external changes such as Pillar Two GloBE rules and changes to the US foreign tax credit regime.
- Interest Limitation Rules (“ILR”) which came into force for companies with accounting periods commencing on or after 1 January 2022 were updated in line with Revenue guidance on various topics.
- Finance Act 2022 has also updated the legislation to extend the Knowledge Development Box (KDB) regime for a further four years to 1 January 2027. Moreover, the effective tax rate on KDB profits has increased from 6.25% to 10% in reaction to the pending introduction of Pillar Two rules.
- Section 757 TCA 1997 applies in respect of the receipt of capital sums derived from the sale of patent rights which attracts a charge to tax at a rate of 25%. This has been updated by Finance Act 2022 to confirm that the outright sale of a patent or a patent pending is not a sale of patent rights and remains subject to normal Capital Gains Tax provisions.
- From 1 January 2023, the Irish domestic law definition of “Transfer Pricing Guidelines” has been updated in line with the 2022 OECD Transfer Pricing Guidelines.
- DAC7 reporting rules for digital platform will come into effect from 1 January 2023 with the first reporting obligation due on or before January 2024.



Publications and podcasts

PwC Global Digital Procurement Survey 2022

The latest PwC Digital Procurement Survey report, which incorporates responses from 64 countries, is now available. The survey provides an overview of the digital trends, investment, concerns and opportunities in procurement functions.

[More information can be found here.](#)

PwC's Global Digital Trust Insight Survey & Webcast 2023

PwC's Global Digital Trust Insight Survey provides unique insights on how senior executives view cybersecurity within their organisation. Further details on the key insights can be found here.

In our webcast, PwC Partner Richard Day is joined by three expert guests and the panel explains how you can prevent and mitigate these risks to your business, best respond to an incident while remaining resilient, and digitally transform your business without compromising the trust of your customers.

[Please see here for a link to the webcast.](#)

Revenue publishes the Co-Operative Compliance Framework (CCF) Review

Launched in 2017, the CCF programme facilitates an open relationship between Irish Revenue and large taxpayers in Ireland based on trust, compliance and transparency. In September 2022, Revenue published a report of the results of a review of the CCF programme, whether it is meeting its objectives and to identify areas for improvement. PwC also responded to the survey and had subsequent engagement with Revenue as part of the review.

[More information can be found here.](#)



Economic update

- The Irish economy grew by 2.3% quarter-on-quarter in the period from July to September, the highest GDP growth in the eurozone.
- Ireland's GDP is expected to grow by 3.2% in 2023 and 3.1% in 2024.
- Ireland is ranked 4th in the OECD for Corporate tax.
- Ireland has the second lowest combined top marginal corporate income tax rate (12.5%), which is just 3.5% higher than the lowest rate (9% - Hungary), and is significantly lower than the OECD average rate of 23.6% for 2021. This competitive 12.5% rate will continue after the planned introduction of the 15% minimum effective global tax rate for groups below the "Pillar 2" global turnover threshold of €750m.
- Ireland has introduced a new tax credit for the digital games sector to support the development of indigenous games companies and encourage increased investment from international games companies.

Stats

1st in World for:

Real GDP growth ¹

Knowledge Diffusion & Knowledge Impact ¹

1st in Europe for:

Paying business taxes ²

Friendliest city in the EU (Galway)³

Artificial Intelligence⁴

Youngest population ⁵

Fastest growing population⁵

1st in the Eurozone for:

Quality of life⁶

Small European cities of the future (Cork City)⁷

1 IMD World Competitiveness Yearbook 2021

2 PwC/World Bank Group "Paying Taxes" Report 2020

3 Condé Nast Traveller Reader Travel Awards 2020

4 AI in EU Enterprises, Eurostat Report 2021

5 Facts about Ireland 2021, IDA Ireland

6 UNDP Human Development Index

7 Global Cities of the Future 2021/22 – FDI Intelligence

- Ireland is ranked the second-most peaceful country in Europe and third in the world, according to the 2022 "Global Peace Index" by the Institute for Economics and Peace
- Dublin is ranked in 4th place overall as one of the lead "European cities of the future" according to the *Financial Times's FDI Intelligence*
- Ireland ranks 5th in the EU in the 2021 edition of the Digital Economy and Society Index (DESI)
- Ireland is the 5th greenest country in *MIT Technology Review's Green Future Index*
- Ireland has the 6th 'most free' media in the world according to the "Reporters Without Borders 2022 Index"
- Ireland is ranked the 7th most democratic nation on the planet in by the Economist Intelligence Unit
- Ireland is ranked 7th globally among 165 independent states according to *Economist Intelligence's Democracy Index 2022*
- Ireland has the 8th highest quality of life on the planet according to the latest *United Nations* assessment of human development.
- Ireland is ranked in the top 10 countries for gender equality
- Ireland has set a target to reduce carbon emissions by 50% by 2030
- Ireland has the highest level of STEM graduates per capita in EU
- Ireland is the 13th happiest nation according to the UN sponsored "World Happiness Report"
- Ireland is ranked 13th in the world for renewable energy investment according to the EY Renewable Energy Country Attractiveness Index
- Dublin is ranked the 19th best city in the world in the "2023 World's Best Cities Report"
- Ireland is ranked 23rd in the *U.S. News & World Report's Annual Best Countries* rankings
- Ireland is ranked 24th among 190 economies for ease of doing business, according to the latest *World Bank* annual ratings



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 for additional information. Various topics of interest for foreign investors can be found in the publications link in the tax section, including:

[Tax Facts 2022](#)

[Budget 2023](#)

[CEO Survey](#)

[Previous issue of Investing in Ireland](#)



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