

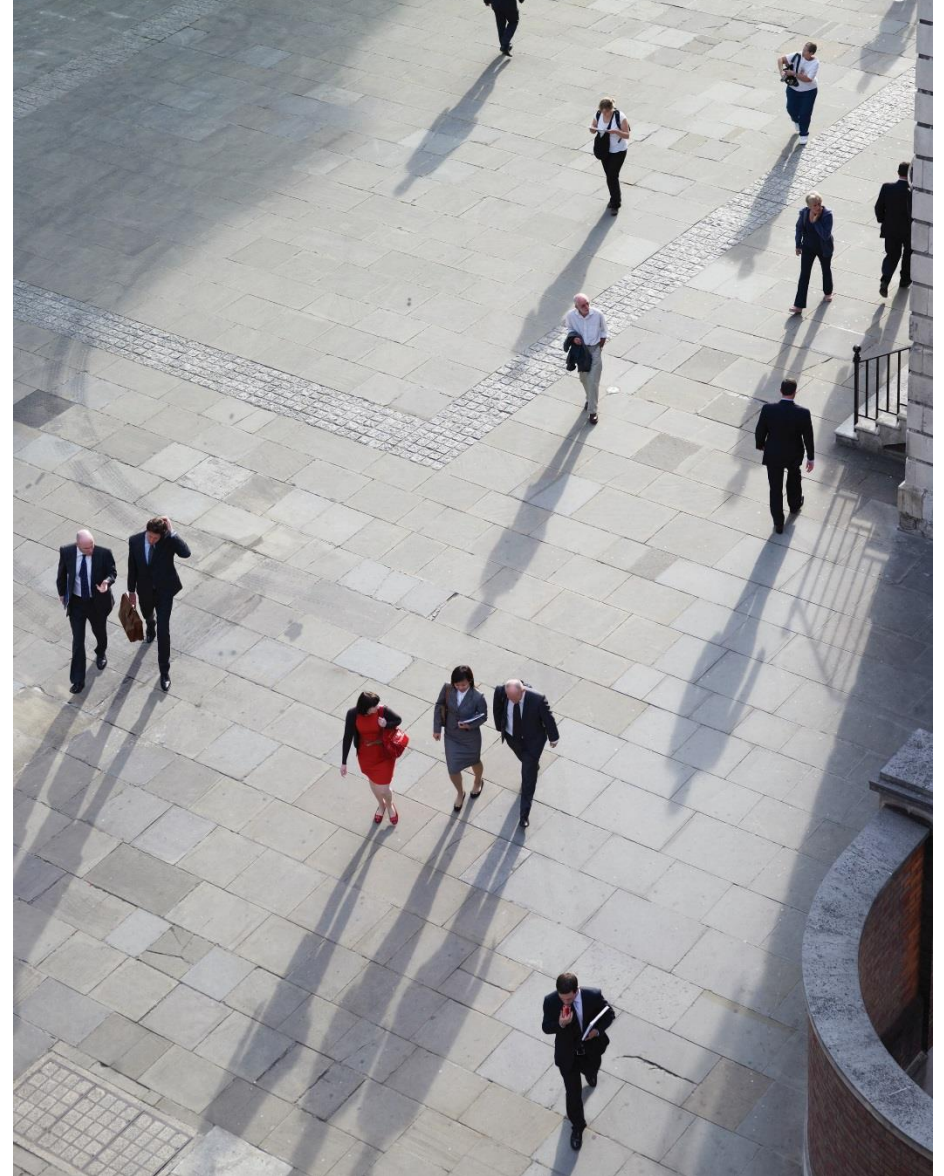
*Why are we here, where are we going and what should we be saying about the Irish Corporate Tax System?*

Feargal O'Rourke  
DEW, 23<sup>rd</sup> September 2017

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# *How did we get here?*

- Emergence of international tax system post WW1
- Importance of risk, functions, capital
- Digital model and ‘disintermediation’
- Value and ‘portability’ of Intellectual Property
- US tax system
- Global financial crisis



# *Where are we right now?*

## **MOSTLY BEPS AGENDA**

**2013 - 2017**

Stateless & Apple  
Phase out of “double Irish”  
CbCR  
R&D / KDB  
Revenue rulings  
MLI, Interest  
Signalled BEPS/ATAD intent  
Financial statements / CRO  
Property

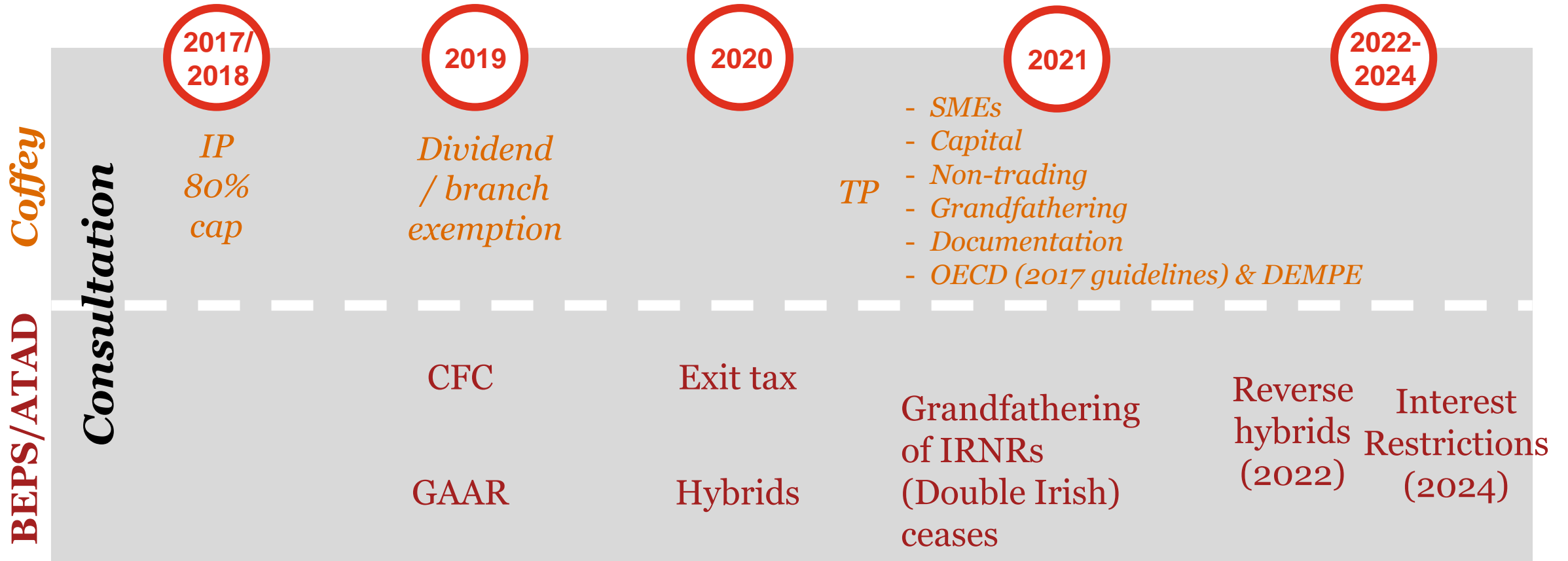
**2018 - 2024**

We know the “what” on most items  
Not necessarily the “how” or “when”  
Many externals and crosswinds  
Lots of work still to do!

# *Roadmap - Coffey report*

- ✓ CT regime fit for purpose
- ✓ No preferential treatment
- ✓ Transparent
- ✓ Continue with BEPS/ATAD measures
- ✓ Tax certainty and competitiveness critical
- ✓ Sustainability (2020)

# The three Rs - *Regime*





## *The three Rs - Reputation*

- Coffey - strong endorsement
- Treaties, Directives, EoI, MLI, etc.
- Transparency report (21 Aug 2017, OECD)
- Spillover analysis (2015)
- Offshore to onshore...
- Tax Policy Reforms 2017 (7 Sept 2017, OECD)

# The three Rs - *Rate*

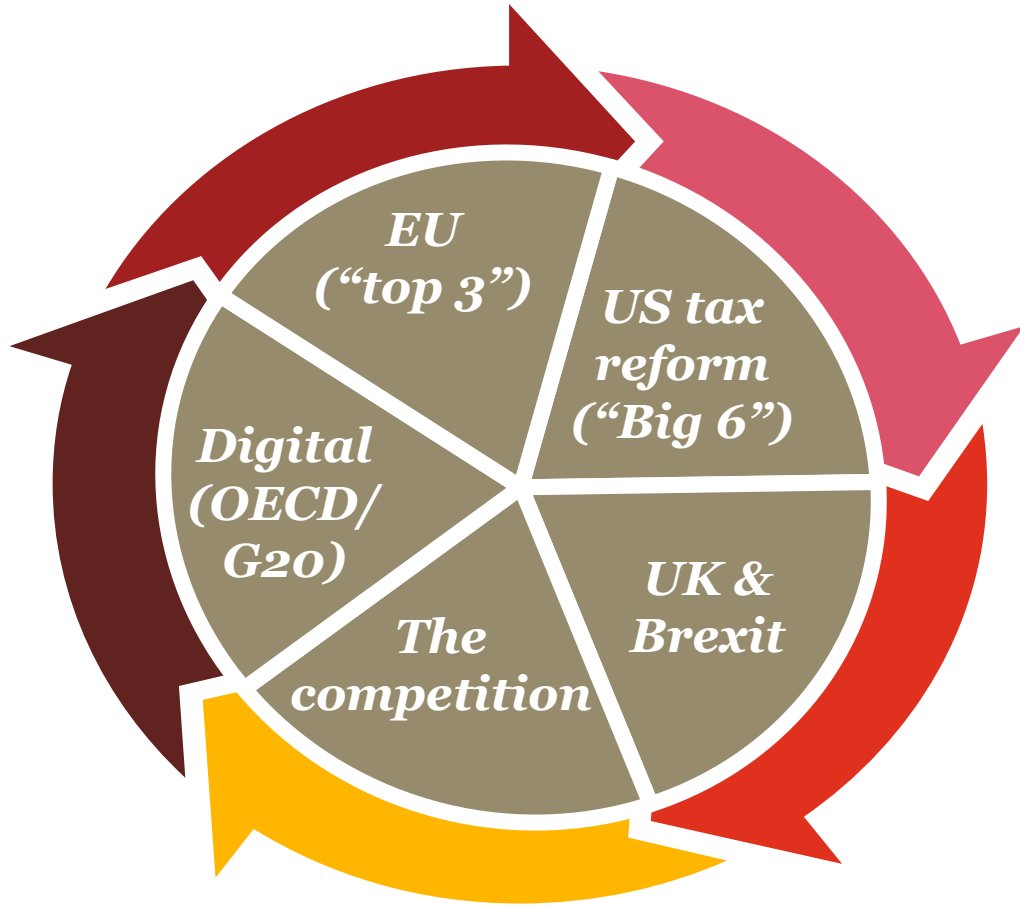


*“... predictability of the rate of corporation tax and the certainty that it will not change is as important as the 12.5% rate itself”*

Minister Paschal Donohoe  
8<sup>th</sup> Sept 2017

- 12.5% rate - settled policy
- EU and OECD in agreement
- Aligned with BEPS & substance requirement
- BEPS – it’s all about the base
- Low statutory tax rate & broad base acknowledged as optimal approach
- Watch out for US, UK & other competitors

# *Hazards & speedbumps*





# EU – “top 3”

## Equalisation tax for digital revenue

- “Appropriately tax” the digital economy
- “Complement” OECD efforts and CC/CCCTB
- “Economic efficiency is at stake, as well as tax fairness and sovereignty”

## CCTB & CCCTB

- Above “does not call into question the essential work on CCTB and CCCTB”

## Qualified Majority Voting (QMV)

- EC Pres. Juncker: Digital, VAT, FTT, CCCTB...
- “My European tax plans are not anti-Irish”



*“Ireland will not be supporting any measures or proposals that undermine the very competitive and transparent corporate tax code we have in Ireland”*

Minister Paschal Donohoe  
16<sup>th</sup> Sept 2017