



## **FORMING A COMPANY IN THE REP OF IRELAND - 11 THINGS INTERNATIONAL CLIENTS NEED TO KNOW**

***1. It is a requirement to appoint an EEA resident director to the company (or put in place a Section 137 bond OR make an application that the company has a “real and continuous link with the State”).***

Irish company law states that every company must have at least one EEA resident director appointed to the Board of the company at all times.

There are two exceptions to this rule if the Company has no such person to act:

(a) The company can put in place a Section 137 Bond, renewable every two years, for as long as they do not have a resident EEA director. The Bond can be put in place through an insurance company and costs approx. circa €2,000 per two year period. It is non-refundable.

(b) The company can apply to the Revenue Commissioners to make the case that they have a “real and continuous link with an economic activity that is being carried on in the State”. If successful, the Revenue Commissioners will issue a certificate and the company will no longer need a resident EEA director appointed to the company. It should be noted however, that the Revenue Commissioners will generally require the company to be actively trading for a year or more before they would consider such an application. Therefore, this option would not, generally, be available for start up companies immediately.

***2. A Registered Office within the State is required at all times.***

Every company must have a registered office (official address) within the State at all times. It must be a physical address and not a P.O. Box

***3. A ‘Trading Address’ in the State is also required.***

When forming a company, you must name a trading address within the State on your incorporation documents. Again, CFI can provide such an address if required. There is a further requirement for an ‘Administrative’ address, but this can be located outside of the Rep. of Ireland.

***4. Irish companies must maintain an internal Register of Beneficial Owners (and file this information with the central Registrar of Beneficial owners).***

The beneficial owners are the natural persons who ultimately own/control 25%+ of the subject company. This information is retained by the company in its internal Register of Beneficial Owners.

Within five months of the incorporation date, this information must also be submitted to the central Registrar of Beneficial Owners’ online portal (and updated within 14 days should any change to the beneficial owners occur).

***5. Annual Returns and Accounts are filed together.***

All companies (*regardless of whether they are trading or not*) must file annual returns and accounts with the Companies Registration Office.

Late penalties are charged if Annual Returns are not filed on time and, more severely, the ability to claim exemption from having accounts audited is lost for a period of two years

***6. Accounts do not need to be maintained in Euro, any currency is possible.***

In order to comply with section 282, internal books of account should be maintained in a currency which will enable the financial position of the company to be determined with reasonable accuracy, and an audit to be carried out without difficulty.

Formal company accounts which are prepared in a currency which has legal effect as at the date on which the financial year ends are accepted for filing by the CRO.

**7. If accounts need to be Audited, they need to be audited by ‘Registered Irish Auditors’.**

The majority of Irish companies will qualify for audit exemption assuming that they meet the criteria set out in the Companies Act.

However, if a company does not qualify (*or has been late filing its annual return and accounts for the previous year*), then the accounts will need to be audited by a Registered Irish Auditor. Such Auditors must be members of certain recognised accountancy bodies who are, largely, based in Ireland.

**8. Proposed Directors who are disqualified from acting outside of Ireland must disclose this at incorporation or time of appointment.**

Where a proposed Director is a person who is disqualified under the law of another state (whether pursuant to an order of a judge, or a tribunal or otherwise) from being appointed or acting as a director or secretary of a body corporate or an undertaking, they must file a Form B74 or risk automatic disqualification in Ireland.

**9. VAT numbers are not issued automatically, they must be applied for. Revenue will require details on potential ‘VATable’ activity.**

Generally, the Revenue will look for supporting information/documentation before issuing a VAT number to ensure that the company has VATable activity to require the company to be registered.

This can include copies of sales invoices to customers based in Ireland, copies of purchase orders from Irish suppliers, proof of activity at the trading address, contracts between the company and Irish based customers/suppliers.

The Revenue can ultimately decline to register the company if they feel that the company has not provided sufficient evidence of trade within Ireland. They also have the power to cancel existing VAT numbers.

**10. The Corporation tax rate in Ireland is 12.5% (but is dependent on the company having trading activities in/from Ireland).**

A company’s profits are taxed at 12.5% provided the company can demonstrate that the profits were earned from ‘trading’ activities in/from the Rep. of Ireland. Otherwise, they are taxed at 25%. (For more information, please contact our offices).

**11. Opening bank accounts**

In recent times, opening bank accounts has become very challenging and time consuming in the Rep. of Ireland.

Apart from the usual Anti Money Laundering/Know Your Client documentation, banks will require personal attendance by Ultimate Beneficial Owners as part of the account opening process. They will also be influenced by the level of activity/substance which the applicant company will generate in the Rep. of Ireland.

As such, solid preparation in applying to open a bank account is vital.

For further information on any of these subjects or if you have any comments please do not hesitate to contact **Joanne Browne** ([joanne@formations.ie](mailto:joanne@formations.ie)) or **Stephanie Corcoran** ([stephanie@formations.ie](mailto:stephanie@formations.ie)) on (01) 664 11 77

**Very Important note:**

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