Brexit

A&L Goodbody

Taxation

Withdrawal of the United Kingdom from the European Union (Consequential Provisions) Act 2019

Most relevant to

- Irish corporate taxpayers
- Insurers
- Irish individual taxpayers
- Irish investors
- UK investors
- Pension schemes
- UK university students and their parents

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There are a significant number of provisions in the various Irish Taxes Acts that limit certain tax reliefs or other tax advantageous treatment to activities carried out in, or entities resident in, EU or European Economic Area ("EEA") member states (the EEA States are Iceland, Liechtenstein and Norway).

There are other provisions which extend this favourable treatment to countries with which Ireland has a double tax treaty as well. In such a case, Brexit will not impact on them as Brexit will not affect the existing double tax treaty.

However, in the case of the provisions relating to EU and EEA States, in the absence of any legislative change, Brexit would of course cause some of these reliefs to cease to be available because the UK would not be an EU or EEA Member State.

What does the Act say?

In light of this, the Act includes measures:

- enabling Irish resident individuals to continue to be able to obtain mortgage interest relief in respect of borrowings relating to properties located in the UK
- in respect of the ability to claim a tax deduction for fees paid to UK universities for tuition
- enabling UK approved pension schemes to obtain an exemption from tax on Irish investments
- enabling Irish residents to treat UK gilt income as exempt
- ensuring that interest can be paid in respect of intra group financing to UK lenders
- to ensure that excess losses can be transferred within a group that includes UK members
- to allow tax deductions to be taken by insurance companies for transfers into equalisation reserves post-Brexit
- enabling the Irish research and development tax credit regime to apply to expenditure carried out on research in the UK
- ensuring that UK brokers will continue to be able to avail of stamp duty intermediary relief on transfer of Irish shares
- providing that stamp duty relief on reconstructions or amalgamations of companies involving a UK company would continue to be available
- confirming that the relevant levies imposed on life insurance and health insurance provided in Ireland will continue to be levied
- The introduction of postponed accounting for VAT for importers registered for Irish VAT which should reduce the cash flow impact of additional import VAT costs

However there are other tax provisions which are not proposed to be amended that will restrict UK person from reliefs or particular treatments that they can currently avail of. For example UK pension funds can currently invest in Irish property funds on an exempt basis, and this may no longer be the case post-Brexit.