Overview of new Irish CFC rules

Does an Irish company (directly or indirectly) control (broadly >50% associate inclusive interest or de facto control) a non-resident company or an unincorporated association (Sub) which was acquired more than 12 months before the start of the Irish parent’s accounting period?

No

Are Sub’s accounting profits (>€75,000) or (<€750,000 and non-trading income is <€75,000) or (>10% of operating costs as adjusted for CFC purposes)?

No

Was Sub’s foreign tax liability for the tax year less than half of the corporation tax liability (excluding net capital gains) which would be due under the Irish tax rules (assumptions apply)?

No

Did the Irish parent company (or a connected entity) perform activities in Ireland relevant to the generation of income by Sub during the tax year on a non-arm’s length basis?

No

Would Sub not have held/borne any asset/risk if the Irish parent (or a connected entity) had not performed activities in Ireland (i.e. a “non genuine arrangement”)?

No

Was an essential purpose of any arrangements concerning the Sub securing a tax advantage?

No

Does any of the income attributable to the relevant activities in Ireland remain undistributed by Sub?

Yes

There is no Irish charge

Determine the arm’s length amount of the relevant activities (i.e. a transfer pricing analysis) performed by the taxpayer

Multiply that amount by 12.5% and 25% in proportion to how the undistributed income would be taxed under the Irish tax rules

Apply offsets (e.g. for foreign tax paid)

The current year CFC charge

Corporation tax payable on the CFC charge

This document is only an overview of the CFC rules and is not comprehensive in nature. Appropriate legal/tax advice should be obtained in respect of particular factual circumstances and no reliance should be placed on the contents of this document.