

Aircraft Leasing



14 out of the top 15 aircraft lessors have operations in Ireland. Ireland is one of the most popular jurisdictions for aircraft leasing due to a number of factors including those outlined below:

Specific Tax Benefits

Aircraft lessors can avail of a number of tax benefits:

- An active aircraft lessor can benefit from Ireland's 12.5% corporate tax rate.
- A trading lessor may claim capital allowances (tax depreciation) in respect of capital expenditure incurred by it on the acquisition of aircraft owned by it which is leased out (provided that the burden of wear and tear of the equipment falls directly on the lessor where the lessee is carrying on a trade). Annual capital allowances (tax depreciation) are granted at the rate of 12.5% (i.e. an eight year write-down period), regardless of the anticipated life of the aircraft.
- The definition of "qualifying assets" under the Section 110 tax regime extends to aircraft assets.
- Lease rentals are not subject to withholding tax in Ireland. Accordingly, rental payments can be paid gross from Ireland.
- No value added tax applies to lease rentals in most cross-border aircraft finance transactions.
- No stamp duty arises on sales, leases or mortgages of aircraft (or any interest in such assets). No stamp duty will arise on any title transfer by way of delivery, or on any instrument creating a security interest over any assets (e.g. a mortgage, security agreement or security assignment).
- Advantageous tax rules apply to the hiring of overseas staff (Assignment Relief Programme).
- Ireland's excellent double tax treaty network of 72 countries is a key attraction for the aircraft leasing business in Ireland.

Expertise

Ireland's long association with leasing has led to it becoming a centre of excellence and one of the major attractions of Ireland as a jurisdiction is the availability of professionals

with high levels of expertise and who are very experienced in many types of structures and transactions.

Regulation

The leasing of aircraft is not a regulated industry in Ireland. For all Irish companies, including aircraft leasing companies, the principal legislation governing the incorporation of companies in Ireland is the Companies Act.

Cape Town Convention

Ireland was an early Contracting State to the Cape Town Convention on Interests in Mobile Equipment and Aviation Protocol (the Convention) and its terms have the force of law before the Irish courts. Accordingly, any security agreement constituting an international interest within the meaning of the Convention which has been created by an Irish mortgagor or created in respect of an Irish registered aircraft can be registered in the International Registry.

Customs Duties

Customs duties are not relevant with regard to an aircraft lessor unless the aircraft is physically brought into the Irish jurisdiction. Even where this occurs, an exemption will generally be available on the basis of an "end user authorisation". This applies equally to spare parts and to engines.

Irish Aviation Authority

The Irish Aviation Authority is one of the most respected aviation authorities worldwide and is highly ranked for its safety oversight. Many aircrafts operated outside of Ireland are registered on the aircraft register maintained by the Irish Aviation Authority.