Foreign direct investment (FDI) Ireland Quarterly Update - February 2024

Newsletters - 02/02/2024

Welcome to the latest FDI Quarterly update from Ogier's Corporate team in Ireland.

This update contains concise articles and regulatory information for advisors and clients doing business with Ireland.

Foreign direct investment (**FDI**) remains key to Ireland's economic success. Notwithstanding recent global headwinds including higher inflation, increased interest rates, global geopolitical tensions, and concerns as to the impact of the global tax reform agenda, Ireland's economy continued to perform well during 2023 and into 2024.

More than 1,800 global organisations now operate from Ireland and a recent survey of investor sentiment found that the majority of respondents believe Ireland's attractiveness will remain or improve over the coming years.

We are happy to report that the Irish economy is predicted to continue growing, with GDP forecast to rise by 2.2% in 2024 and by 3.8% in 2025 - outperforming many economies around the world.

Three pieces of legislation have recently been enacted in Ireland that could affect overseas clients:

- **Screening of Third Country Transactions Act** introducing a new mandatory notification regime whereby third country acquirers are required to notify qualifying foreign acquisitions of Irish targets in particular sectors to the Irish Minister for Enterprise, Trade and Employment. For further analysis, see the link to our overview article below.
- **European Union (Cross-Border Conversions, Mergers and Divisions) Regulations 2023** which provides the Irish framework for cross-border conversions, mergers and divisions involving EEA limited companies. This enables, for the first time, an Irish company to migrate to other EEA countries while retaining its legal personality.

We summarise some interesting recent developments under this regulation below.

- **Foreign Subsidies Regulation** (Regulation (EU) 2022/2560 (FSR)) has introduced a new mandatory notification process in respect of foreign financial contributions to entities involved in certain high-value M&A deals and public tenders above specified financial thresholds. The FSR obliges companies that have received "financial contributions" from non-EU countries and which carry on business in / invest in the EU, or tender for EU public tenders, to record the facts regarding such financial contributions and to identify whether such contributions trigger an obligation to notify the European Commission.

My partners and I travel extensively, meeting with advisors and clients who are looking at doing business with, in, or through, Ireland.

Please do contact us if you would like to chat about how we can help you in that regard.

Wishing you all a great Q1 2024.

Dominic Conlon, Head of Corporate in Ireland

At a glance

2023 FDI statistics

Figures obtained from IDA's website, December 2023.

Global competitiveness

Ireland moved from 11th to second place (out of 64 measured countries) in the IMD World Competitiveness ranking for 2023

First cross-border conversion under Mobility Directive

A Dutch limited company (BV) recently converted into an Irish private company limited by shares.

This was the first cross-border conversion of an EU entity into Ireland under the provisions of the EU Mobility Directive and the implementing Irish regulations, the **European Union (Cross-Border Conversions, Mergers and Divisions) Regulations 2023**.

Certain Irish entities have also already availed of the ability to convert into EU entities. This highlights the new restructuring options available to corporate entities in Europe, to include the conversion of an entity from a form registered in one Member State to a form in another without losing its legal personality. We discussed the Mobility Directive in a previous article from April 2023 and forecasted the significance of its transposition.

New Developments in Corporate Beneficial Ownership – Ireland and the USA

In the below article, Ogier's Irish Corporate team explore recent developments in Ireland and the United States with respect to the access to, and filing requirements for, beneficial ownership information of corporate and other legal entities.

New Developments in Corporate Beneficial Ownership – Ireland and the USA | Ogier

PODCAST SERIES: Focus on FDI in Ireland

Episode 1: Introduction: why are US multinationals choosing Ireland?

Welcome to Focus on FDI in Ireland, a new podcast series featuring discussions about foreign direct investment (FDI), between industry experts and our very own legal professionals.

Our podcast is hosted by Dominic Conlon, Head of Corporate in Ireland, and Bláthnaid Evans, Head of Employment and Corporate Immigration in Ireland.

In the first of our series, Bláthnaid speaks to Mark Redmond, CEO of the American Chamber of Commerce Ireland, about Ireland as a destination of choice for FDI. You can listen to the podcast below or visit our podcast platform: Focus on FDI in Ireland | Spreaker

Focus on FDI in Ireland podcast: Episode 1 | Ogier

Episode 2: Employment and tax: how Ireland is attracting international investment

Our second episode features a discussion with Claire Kelly, Head of Growth and Partnerships at Sigmar Recruitment and Kevin Doyle, Corporate International Tax Partner at BDO Ireland, advising why international companies and investors choose Ireland in the FDI market and why Ireland is such an attractive location for these interested parties.

Focus on Ireland FDI podcast: Episode 2 | Ogier

OECD predicts Ireland will benefit from the new global minimum tax rate

The new global minimum tax rate of 15% for large multinationals, which came into effect across the EU, UK and several other large economies in January this year, has appeared in the news frequently as of recent. Sharon Meaney, associate and Matthew Van Der Want, senior legal manager, explain this development in the below article.

OECD predicts Ireland will benefit from the new global minimum tax rate | Ogier

Impact of recent changes to Irish tax law on International business

The Irish Finance (No.2) Act, signed into law on December 18, 2023, enacts the tax reforms proposed in the 2024 Irish Budget.

Key changes affecting Irish and international stakeholders include several important actions - outlined in the below summary from partner Oisín McLoughlin and associate Aaron Kelly.

Impact of recent changes to Irish tax law on International business | Ogier

The Irish advantage: why Middle Eastern managers are establishing funds in Ireland

Ireland is the domicile for 5.9% of world-wide investment fund assets, making it the third largest global centre and the second largest in Europe. The below written feature from our Irish and Dubai experts outlines why.

The Irish advantage: why Middle Eastern managers are establishing funds in Ireland | Ogier

Delivering social, affordable and cost-rental housing in Ireland

On Thursday 1 February, Ogier's Real Estate team in Ireland hosted an informative breakfast briefing at our offices in Dublin to discuss the topic of **Housing Opportunities 2024 in Ireland**. Gavin Fitzgerald, partner provides a post-event briefing below.

Delivering social, affordable and cost-rental housing in Ireland | Ogier

Overview of the Screening of Third Country Transactions Act 2023

The Screening of Third Country Transactions Act 2023 (Act), which we previously discussed in an article from earlier this year, was signed into law on 31 October 2023. The Act will introduce a foreign direct investment (FDI) screening regime to Ireland for the first time.

This reflects recent international legislation on enhanced FDI control (e.g., the UK's National Security and Investment Act). More significantly,it specifically addresses Ireland's obligations under the EU FDI Regulation (EU 2019/452).

Overview of the Screening of Third Country Transactions Act 2023 | Ogier

Necessary and impactful changes to the Irish Employment Investment Incentive Scheme (EIIS)

The Irish Employment Investment Incentive Scheme (EIIS) is a well-established and often utilised tax efficient investment scheme in Ireland, which essentially provides an investor with tax relief on their investment and sources of non-earned income such as dividends and rental income. The scheme aims to encourage individuals to provide equity based finance to Irish companies.

Necessary and impactful changes to the Irish Employment Investment Incentive Scheme (EIIS) | Ogier

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