



# Investing in Ireland

Issue 56, October 2023

Welcome to the latest edition of PwC's newsletter on foreign direct investment ("FDI") in Ireland.

This edition illustrates the strength of the FDI sector in Ireland and this is reflected in the very significant Irish jobs and investments announced over the last few months (see page 2).

Budget 2024 was announced on 10th October 2023 and offers measures to support both working people and corporations in Ireland. In this edition of the Newsletter we detail the key measures to be introduced from a FDI perspective and outline the key measures introduced to support corporations, individuals and businesses in Ireland (see page 4).

The IDA have released their 2023 half year results and we summarise the key metrics which illustrate the strength of FDI in Ireland so far in 2023 (see page 5). The Department of Finance also released its Annual Taxation Report on 24 August 2023 and we detail the key takeaways for the FDI sector (see page 6).

Finally, we highlight some recent PwC publications and podcasts on current topical issues in the FDI space (see page 7). Ireland also maintains its number one ranking in a number of key areas for FDI investors (see page 8).

Please do not hesitate to contact myself, any member of our team, or your usual PwC Ireland contact at any stage. We would be happy to tell you more about the topics raised in this issue or to include any interested parties on our mailing list.

**Remember to visit our FDI website for more updates and detailed information [HERE](#) including a range of recent publications.**



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# Recent FDI investment announcements



**AbbVie Inc.**, an American pharmaceutical company headquartered in Chicago and listed on the NYSE, has opened its new €23m European services hub in Dublin. The new state-of-the-art facility will span two sites and serve as an international base for the company and will employ 400 people. The company first established its presence in Ireland in 1974 and now has operations in Cork, Sligo, Mayo and Dublin.

**Advanced Micro Devices Inc (“AMD”)**, an American multinational semiconductor company listed on the NASDAQ, formally announced that it will invest up to \$135m in its Ireland R&D activities in Dublin and Cork over the next 4 years in several strategic R&D projects. The investment will add up to 290 new engineering and research positions as well as a variety of additional support roles. The announcement arrives in advance of the company’s 30 year anniversary of the establishment of its first site in Ireland in 1994.

**Astellas Pharma Inc.**, a Japanese multinational pharmaceutical company, has announced its intention to submit a planning application to build a new €300m 17,000 square foot state-of-the art facility in Tralee, County Kerry. Pending approval of the planning application, the construction is expected to commence in 2024 and the new facility will expand the company’s capacity and capabilities for aseptic drug products, reinforce stable production for global supply and accelerate the development and commercialisation of innovative antibody drugs and other new products.

**Blink Parametric**, a technology company that serves the global travel insurance sector with flight disruption and lost/delayed luggage real-time claims assistance has recently announced plans to increase its headcount by 30 people by the end of 2025 in their new office in County Cork. The roles will be in the areas of presales, full stack developers, QA and data analytics, effectively doubling the company’s current workforce.

**Charles River Laboratories, Inc.**, a highly respected, global provider of drug discovery and non-clinical development solutions has invested €10m in the expansion of its new Nearly Zero Energy Building (NZEB) in County Mayo. The expansion will provide the company with an additional 1,500 square foot of lab space and will create up to 70 new roles over the next 2 years. The expansion is in addition to its commitment to workplace culture and their recent move to a four day working week after completing a successful pilot period.

**EXL**, a leading data analytics, digital operations and solutions company has announced as part of its expansion plans into Ireland that it will establish its new headquarters for international business in Dublin, welcoming 200 new roles for AI, data engineers and other technology positions over the next 3 years. The company also has plans to collaborate with University College Dublin to cater for their future skills needs. The company currently employs 8,000 data scientists and 1,500 generative AI experts globally.

**Hewlett Packard Enterprise**, a computer hardware company listed on the NYSE, has created over 150 new technical roles at its Global Center of Excellence for Research & Development on their HPE GreenLake edge-to-cloud platform in County Galway. The expansion has further built on the company’s commitment to Ireland. The company also has operations in County Cork and Kildare.

**Liberty IT**, a leading technology company has shown its strong commitment to the technology sector in Ireland with the opening of a new hub in Galway. This expansion will create 100 new roles over the next two years in addition to the existing 650 people employed by the company in Ireland. The company also has offices in Dublin and in Belfast.

**MSD Ireland**, an American multinational pharmaceutical company listed on the NYSE has recently opened its new facilities at its sites in Dunboyne, County Meath and in County Carlow. The new facilities represents over €1b invested and will lead to the creation of 670 highly skilled jobs. The company currently employs over 3,100 people in Ireland and the new expansion will strengthen the company’s manufacturing capabilities to meet increased demand for medicines and vaccines.



**Ruberik**, a data security company headquartered in California has opened a new office in County Cork, which is an addition to their existing office in County Cork which opened in 2017. The new office will welcome talent from local universities including University College Cork and Munster Technological University.

**ServiceNow**, the leading digital workflow company, has announced as part of its EMEA growth plans that it will create over 400 new roles in the areas of digital sales, engineering and research and development over the next 3 years. The announcement follows the company's strong commitment to Ireland following the signing of a 12 year office lease in Dublin last year.

**Signify Health**, a leading US healthcare technology platform company listed on the NYSE, has opened its first operation outside the US with the opening of its new 20,000 square foot state of the art technology centre in Galway and will act as a hybrid working environment. To date, the company has hired 60 highly skilled employees in the areas of software engineering, product management and other technology development roles with plans to expand this to 125 new roles.

**SuperNode**, a technology company that develops revolutionary superconducting transmission technology for the renewable energy transition has announced a €40m investment in the design, development and manufacturing of its High Temperature Superconducting ("HTS") cable systems. The company currently employs 60+ people in Dublin and the cables will be available for commercial sale by the end of the decade and will allow for efficient and cost effective renewable electricity transmission.

**Wesco International**, a global provider of B2B Distribution, Logistics and Supply Chain solutions and a company listed on the NYSE, will be establishing a new 5,000 square foot Digital Centre of Excellence in Dublin which will serve as a development centre as part of the company's overall digital transformation strategy. The expansion will create up to 80 new roles in management, technology, engineering and administration.



"We are welcoming new talent to our award-winning, customer-first culture. Our investment in Dublin is proof of our confidence to create meaningful, sustainable careers for the people of Ireland with ServiceNow"

**Bill McDermott, ServiceNow Chairman and CEO.**

"For nearly three decades, Ireland has been a flagship European R&D centre developing adaptive computing solutions, drawing from a strong and highly skilled workforce. By further investing and expanding our presence in Dublin and Cork, we are committed to continuing to both drive innovation in Ireland and to support the European semiconductor ecosystem".

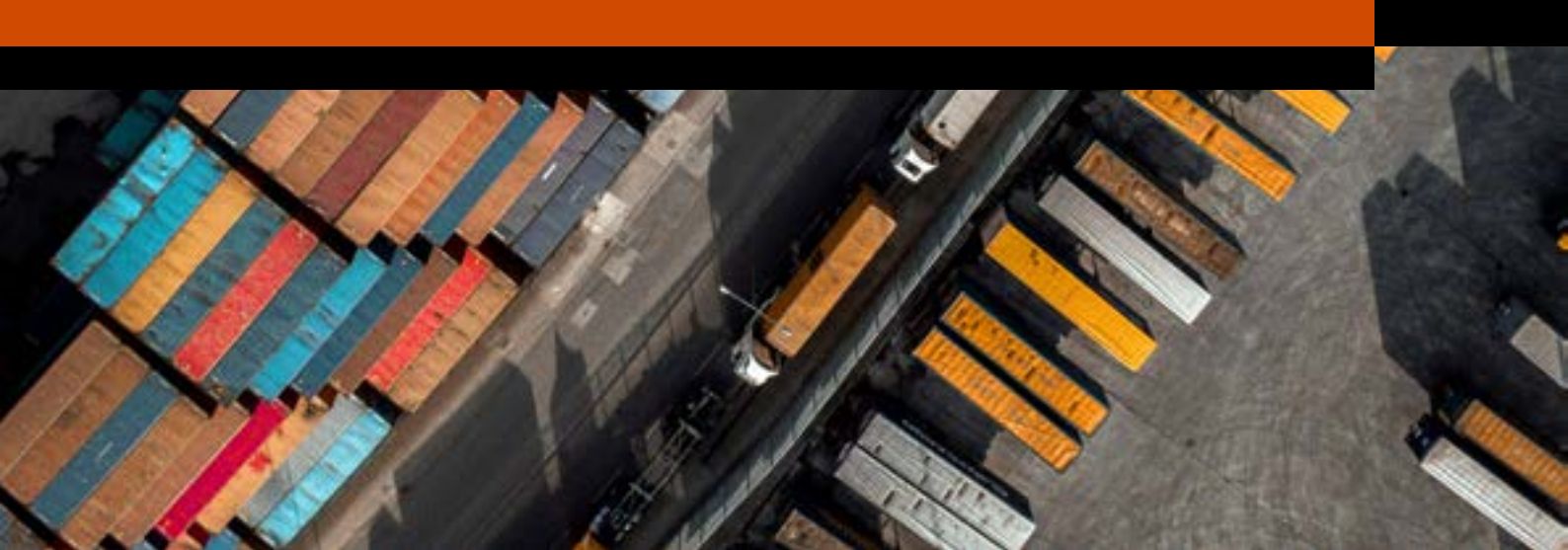
**Ruth Cotter, senior vice president, Marketing, Communications and Human Resources at AMD**

"We see the continued and dramatic growth of the life sciences sector with the manufacture of advanced modalities, including cell and gene therapies, and Ireland, the world's third largest exporter of pharmaceuticals, continues to be at the forefront. Charles River's commitment to Ireland has allowed us to stay at the forefront of batch release testing requirements for new therapeutics, and has culminated in the opening of our new state of the art analytical laboratory".

**Liam McHale, site director for Charles River Ballina**

**ZF Technology Software**, a global technology company supplying systems for passenger cars, commercial vehicles, industrial technology and delivering innovative Software as a Service (SaaS) cloud solutions has recently announced plans to expand its Software Technology Hub in Dublin City Centre. The company has identified the Dublin office as a key player in delivering its vision and strategy. The expansion will lead to the creation of 25 new roles over the next 12 months in addition to the company's existing 45 software engineers. ZF has been in operation in Ireland since 2006 further highlighting its legacy and commitment to Ireland.

**Zymeworks Inc**, a global biotechnology company committed to the discovery, development and commercialisation of novel, multifunctional biotherapeutics and listed on the NASDAQ, has announced plans to establish a Clinical and Regulatory European Headquarters in Dublin, in addition to its existing office based in Swords, Dublin. The new Headquarters will create up to 20 new jobs and will focus on clinical trials in the EU and progress early-stage clinical programmes through its drug development process.



# Budget 2024

## **Ireland's Budget 2024 Unveiled: Balancing Challenges and Opportunities**

On 10 October 2023, Ireland's Finance Minister, Michael McGrath, announced Ireland's Budget 2024.

Labelled as "arguably the Government's most challenging budget yet", Ministers McGrath and Paschal Donohoe (Minister for Public Expenditure) sought to balance requests from various stakeholder groups for additional funding based on strong exchequer receipts, particularly from corporation tax, with managing cost and inflationary pressures and significant imminent corporate tax changes.

Below are the key highlights of Budget 2024 concerning Ireland's corporate tax regime, specifically relevant to the FDI sector.

### **Ireland's 12.5% corporate tax rate**

Ireland is retaining its 12.5% statutory corporate tax rate for active business profits. For larger (greater than €750m global turnover) groups, however, they will come within the scope of a "top up" to the minimum 15% effective rate under Pillar Two as set out below.

### **Pillar Two goes live from 1 January 2024**

A significant reform is on the horizon with the introduction of the OECD Pillar Two agreement. This reform sets a 15% minimum effective tax rate for large groups and represents a once-in-a-generation transformation of the corporation tax system. The legislation underpinning this new tax reform set to be introduced from 1 January 2024 has been introduced in Finance Bill 2023 announced on 19 October 2023.

## **Participation Exemption for Foreign Dividends**

Effective from 1 January 2025, it is expected that foreign dividends will benefit from a participation exemption (domestic dividends and certain qualifying share disposals are already tax exempt under existing provisions) with related legislation in next year's Finance Bill.

### **Refundable R&D Tax Credit rate of 30%**

The fully refundable R&D tax credit for companies who engage in qualifying R&D activities in Ireland is being increased from 25% to 30%. This rate increase ensures that the net value of the credit (accounted for "above the line" in the P&L) is maintained for companies within the scope of the new 15% minimum effective tax rate, while offering a real increase in value for other qualifying companies. Additionally, the first instalment threshold has been increased to €50,000, particularly benefiting smaller claimants.

### **Other Tax Credits / Incentive changes**

An enhancement to the Film Tax Credit raises the project cap on qualifying expenditure from €70m to €125m. This credit provides a 32% rate on qualifying expenditure. Also, "refundable" features are planned for the recently introduced 32% Gaming Tax Credit to align it as a qualifying refundable credit for Pillar Two purposes.

### **Accelerated Capital Allowances**

The provision for certain energy-efficient equipment is extended until 31 December 2025. Companies can now claim a 100% deduction for capital expenditure on such equipment listed by the Sustainable Energy Authority of Ireland.

For more detailed insights and commentary on Budget 2024, please visit our dedicated [Budget 2024 page here](#).

# IDA Ireland's Half Year Results

## Inward Investment Soars in Ireland: A Snapshot of the first six months of 2023

In the first half of 2023, IDA Ireland, the Irish Government's inward investment agency, announced strong results for Ireland's FDI sector which sustained strong growth amidst global economic challenges. The key points from an FDI perspective are as follows:

### Investment Success

A total of 139 investments were secured, yielding over 12,000 potential new jobs. Moreover, 52 (37%) of these investments were new name investments, and 67 (48%) of these investments were approved for regional locations, demonstrating a commitment to balanced growth across the whole of Ireland and indicating investment is not solely focused on the major cities.

### Diverse Investment Types

Ireland continues to attract major investments, including Research, Development and Innovation (RD&I) projects and sustainability initiatives. In 2023, 25 RD&I and 13 sustainability projects were secured, signalling a focus on transformational investments and showing our attractive landscape for companies wishing to create new ideas and focus on continued expansion.

### Resilience in a Fragile Global Economy

Despite a delicate global economic environment, Ireland's FDI flows remained strong, with consistent performance and growth across the various sectors of pharmaceuticals, technology, financial services and engineering.

### A Positive Outlook for the last six months 2023

The outlook for the latter half of 2023 remains robust. While the global economy faces challenges such as persistently high inflation and geopolitical uncertainty, Ireland is poised to maintain its attractiveness to investors across a variety of sectors.

The nation continues to adapt to an evolving international investment landscape marked by green and digital transitions and strategic industrial policies. Speaking at the launch of IDA Ireland's 2022 Annual Report, Minister for Enterprise, Trade and Employment, Simon Coveney said:

“

We saw a record year last year for foreign direct investment and today, despite significant challenges in the global economy, we see this level of performance largely maintained in the first six months of this year”.

Following the mid-term review of IDA's 2021-24 strategy, IDA Ireland plans to renew its focus on transformational investments in RD&I, digitalisation, talent development, and sustainability. IDA Ireland also aims to align with the strategic growth objectives outlined in the Irish Government's White Paper on Enterprise, with a 'mission-oriented' focus on strategic growth opportunities in renewable energy and strategic technology clusters.

### Conclusion

Ireland's impressive FDI performance in the first half of 2023 showcases resilience and strength despite global challenges. The nation's commitment to fostering a welcoming environment for investors, combined with strategic investments, sets the stage for continued growth and transformation in the years ahead. Addressing infrastructure challenges will be vital in maintaining Ireland's competitiveness and sustainability.



# Department of Finance Annual Taxation Report

## **Ireland's Taxation Report 2023 Unveiled: Resilience, Growth, and Multinational Impact**

On 24 August 2023, the Department of Finance released its Annual Taxation Report which analysed the structural features of Ireland's tax receipts with a focus on the recognition of the public finances to the ICT sector.

The report highlighted significant structural changes in tax receipts, with an emphasis on the resilience of tax revenue since emerging from the pandemic. Furthermore, it emphasised how strong income tax and VAT receipts are the foundation of the Irish economy's resilience, but the exposure of public finances to developments in a small number of highly profitable sectors linked to multinational activity has become more apparent. Here's a quick look at the highlights:

### **Record-Breaking Tax Receipts**

Total tax take for FY2022 was €83.1 billion, the highest level ever recorded and more than twice the €31.8 billion tax receipts in 2010 caused by the impact of the economic crash.

## **The Ascendancy of Corporate Tax**

Corporation tax receipts increased by 47.7% over the previous year. This is more than double their pre-pandemic level and has increased five-fold in a decade. As a result, corporate tax has surpassed VAT as Ireland's second-largest revenue source.

## **The Role of Multinational Firms**

Corporation tax performance has been largely consistent over the last few years, driven primarily by a number of very large, highly profitable multinational firms in highly profitable sectors.

## **Income Tax and Economic Recovery**

Income tax performance was primarily driven by the continuing trend of various sectors experiencing strong wage increases, resulting in higher income tax receipts. Along with this, tax receipts from lower wage sectors increased significantly as public health restrictions were tightened, indicating that the country is recovering from the pandemic.

## **Conclusion**

Overall, the post-pandemic period has seen positive overall performance in tax revenues for the Irish economy.

# Publications and podcasts

## **What will Budget 2024 mean for corporate tax?**

New rules are to be introduced for companies which will reshape the corporation tax landscape more than ever before.

## **Irish Workforce Hopes and Fears Survey 2023**

PwC's annual Irish Workforce Hopes and Fears Survey 2023 illustrates the challenges facing CEOs and leaders.

## **Enhanced Employer Reporting**

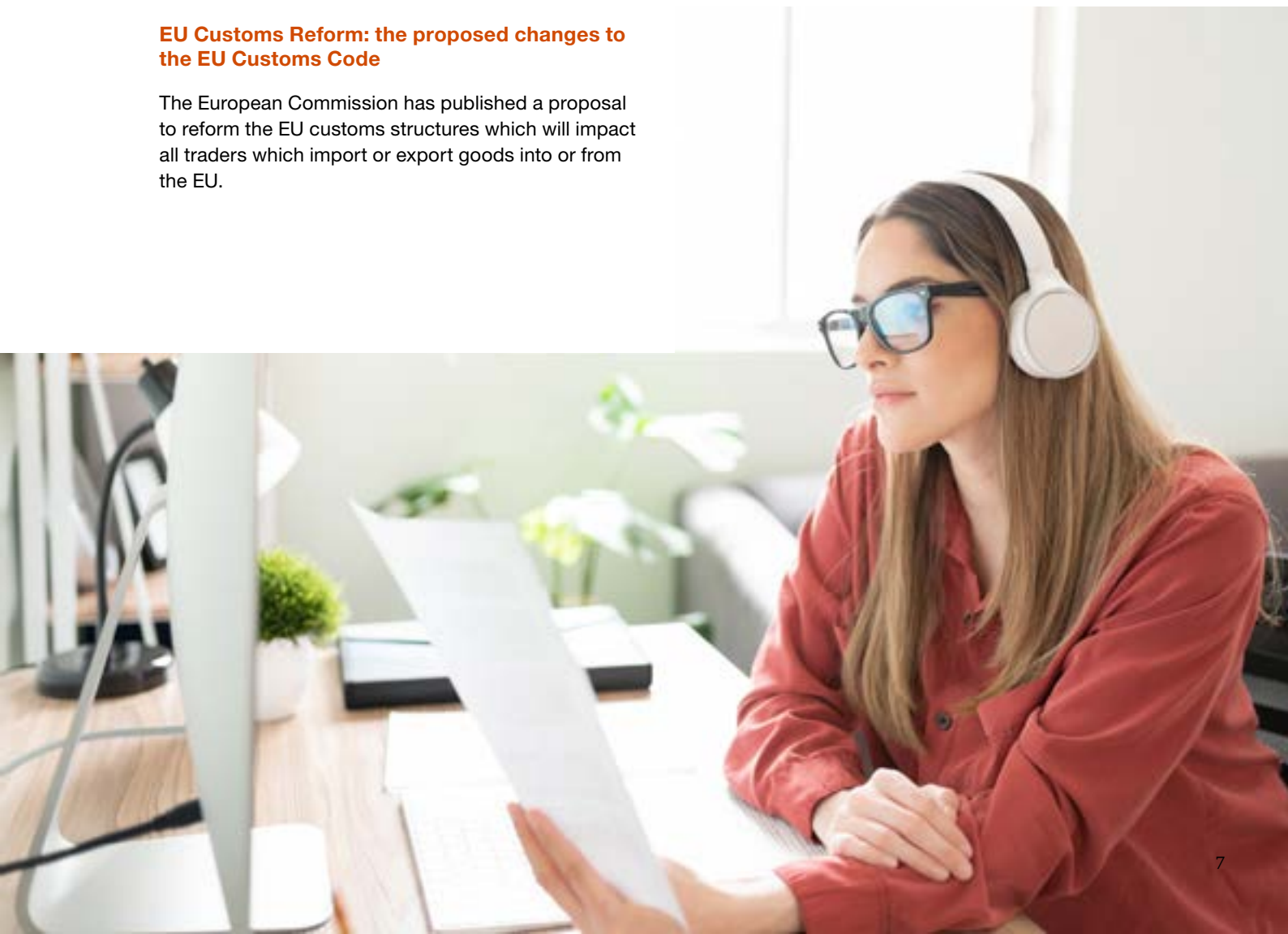
Enhanced Employer Reporting (EER) is expected to come into effect from 1 January 2024 and will require employers to report three categories of non-taxable employee remuneration to Revenue on a real time basis. As a result of this new reporting obligation, Revenue will now have greater visibility over company expenses and the tax treatment of same leading to increased compliance and documentation requirements for companies.

## **Ireland's move to Territorial Tax Regime**

On 14 September 2023, the Department of Finance released a detailed project roadmap and public consultation on Ireland's proposed move to a Territorial tax regime for foreign dividends/branches. The policy choice has been made, it is now on to "the design stage". The new regime will be included in Irish legislation in Finance Bill 2024, with 1 January 2025 being the expected effective date.

## **EU Customs Reform: the proposed changes to the EU Customs Code**

The European Commission has published a proposal to reform the EU customs structures which will impact all traders which import or export goods into or from the EU.





# Economic update

- Following double digit growth in 2022, Ireland's gross domestic product (GDP) is expected to grow by 2% this year.
- Ireland's GDP is expected to pick up pace again during 2024, rising 3.3%.
- After far outpacing all other Eurozone countries during the pandemic, Ireland's growth rate is set to steady and is expected to come in 7th place for 2023.
- In April, the International Monetary Fund (IMF) said Ireland's economy would grow at double the rate of the world economy and outpace all major economies except India and China in 2024.
- Inflation is estimated to have peaked at 8.1% in 2022 and is set to moderate gradually throughout 2023 to reach 3.2% in 2024 and 2.3% in 2025.
- According to The Economist in October 2023, Ireland is the winner of their 'economic pentathlon', which considers Ireland the best prepared country to face an economic downturn and best situated to drive long-term growth.
- A survey from July 2023 by the American Chamber of Commerce found 70% of its client US firms expected to expand employment, with only 7% planning to cut back staffing levels.
- Employment grew by 1.9% in the first quarter of 2023 to a fresh record high of 2.62 million, now 12% above pre-pandemic levels.
- Information and Communications Technology employment has increased by 33% since 2019.
- Unemployment is set to fall from 4.5% in 2022 to 4.1% in 2023.





# Stats

## 1<sup>st</sup> in World for:

- Real GDP growth<sup>1</sup>
- Knowledge Diffusion & Knowledge Impact<sup>1</sup>
- Economic Performance in 2023<sup>2</sup>

## 1<sup>st</sup> in Europe for:

- Paying business taxes<sup>3</sup>
- Friendliest city in the EU (Galway)<sup>3</sup>
- Artificial Intelligence<sup>5</sup>
- Youngest population<sup>6</sup>
- Fastest growing population<sup>6</sup>

## 1<sup>st</sup> in the Eurozone for:

- Quality of life<sup>7</sup>
- Small European cities of the future (Cork City)<sup>8</sup>

1. IMD World Competitiveness Yearbook 2022
2. IMD World Competitiveness Yearbook 2023
3. PwC/World Bank Group "Paying Taxes" Report 2020
4. Condé Nast Traveller Reader Travel Awards 2021
5. AI in EU Enterprises, Eurostat Report 2021
6. Facts about Ireland 2021, IDA Ireland
7. UNDP Human Development Index
8. Global Cities of the Future 2021/22 – FDI Intelligence



# Stats

- Ireland ranked **1st in the World** for real GDP growth according to the “IMD World Competitiveness Booklet 2022”
- Ireland is ranked **2nd in the World** for Overall Competitiveness and 3rd in the World for Government Efficiency in 2023 and Business Efficiency in 2023 according to “IMD World Competitiveness Yearbook 2023”.
- Ireland is ranked **2nd in the World** and in the EU for the highest GDP per capita for 2023 according to “Visual Capitalist”.
- Ireland is ranked the **2nd most peaceful country in Europe** and third in the world, according to the 2022 “Global Peace Index” by the Institute for Economics and Peace
- Ireland was ranked as **3rd in the World** for the most peaceful place on Earth according to the “Global Peace Index”.
- Ireland has the **4th lowest** combined top marginal corporate income tax rate (12.5%) in the OECD, and is significantly lower than the OECD average rate of 23.6% for 2022. This competitive 12.5% rate will continue after the planned introduction of the 15% minimum effective global tax rate for groups below the “Pillar Two” global turnover threshold of €750m.
- Ireland is ranked **4th in the OECD** for Corporate tax.
- Dublin is ranked in **4th place overall** as one of the lead “European cities of the future” according to the Financial Times’s FDI Intelligence
- Ireland is ranked **4th in the EU** in the “Democracy Index 2022”
- Ireland ranks **5th in the EU** in the 2021 edition of the Digital Economy and Society Index (DESI).
- Ireland is the **5th greenest country** in MIT Technology Review’s Green Future Index
- Ireland has the **6th ‘most free’ media** in the World according to the “Reporters Without Borders 2022 Index”
- Ireland is ranked **6th in the EU** in the Corruption Perceptions Index
- Ireland is ranked the **7th most democratic** nation Worldwide by the Economist Intelligence Unit
- Ireland is ranked 7th globally among 165 independent states according to Economist Intelligence’s Democracy Index 2022.
- Ireland is ranked 8th in the World for high quality of life according to the “United Nations Human Development Index”.
- Ireland is ranked in the top 10 countries for gender equality
- Ireland is the 13th happiest nation according to the UN sponsored “World Happiness Report”
- Ireland is ranked 13th in the World for renewable energy investment according to the EY Renewable Energy Country Attractiveness Index
- Ireland has set a target to reduce carbon emissions by 50% by 2030
- Ireland has the highest level of STEM graduates per capita in EU

# Would you like to know more?

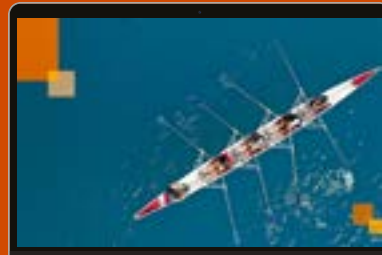
Should any of the topics covered in this newsletter be of particular interest to you, please do not hesitate to contact any member of the FDI team, or your usual PwC Ireland contact. If any of your colleagues would like to be included on our mailing list, please let us know.

Please click on our website for additional information. Various topics of interest for foreign investors can be found in the publications link in the tax section, including:

## Tax Facts 2023



## CEO Survey 2023



## Previous issue of Investing in Ireland





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