Maksym Stepanenko

Ireland: 12.5% Tax, R&D Credits, and an English-Speaking Base in the Heart of the EU

How Apple, Google, and Microsoft are taxed in Ireland and what it means for you

Ireland: 12.5% Tax, R&D Credits, and an English-Speaking Base in the Heart of the EU

How Apple, Google, and Microsoft are taxed in Ireland and what it means for you

Maksym Stepanenko

Innova Publishing · 2026

Book page, latest version and the other guides in the series:
guides.mmix.biz/en/ireland

CHAPTER 1

12.5%: Why Ireland Attracted Apple, Google, and Meta

Ireland's corporate tax rate of 12.5%, one of the lowest in the EU, has historically been the key tool for attracting foreign investment. The result: Apple, Google (Alphabet), Microsoft, Meta, Amazon, LinkedIn, Twitter (X), and Airbnb all chose Dublin as their EU headquarters. Ireland has the highest GDP per capita in the EU (although, adjusted for the multinational effect, it is about €48,000 by GNI*).

A short history of the tax policy: since the 1950s Ireland has used low corporate tax to build its economy. Since 2003 there has been a single rate of 12.5% on trading income and 25% on passive income (dividends, rent). The European Union long criticized Ireland for “tax abuse.” The “Double Irish” scheme was closed in 2020. Under the OECD Global Minimum Tax of 15%, large companies (€750M+ in turnover) have paid 15% since 2024. Small and medium-sized companies still pay 12.5%.

Why 12.5% still works today: companies with turnover below €750M (most SMEs) still pay 12.5%. Numerous deductions push the effective rate below 12.5%. The R&D Tax Credit is 30% (35% for accounting periods ending on or after December 31, 2026), a refundable credit on qualifying R&D spending. The Knowledge Development Box is 10% on qualifying income from IP (since October 1, 2023). Capital Allowances give accelerated depreciation. The result is an effective rate of 8–10% for an R&D-heavy tech company.

What makes Ireland special among low-tax EU jurisdictions: the English language (the only EU country where English is the primary business language). A highly skilled workforce (the Dublin Silicon Docks). A young population. Cultural proximity to the US. The same time zone as the UK. The entire tech ecosystem is already there (AWS, Google, and Facebook infrastructure in

Dublin). This combination cannot be reproduced.

Ireland vs. Cyprus vs. Malta on corporate tax: Ireland at 12.5% plus the R&D credit of 30–35% gives an effective rate below 12.5% for companies with R&D. Cyprus at 12.5% plus the IP Box gives 2.5% on IP income. Malta at 35% minus a 6/7 refund gives about 5% effective (but is more complex structurally). For an OPERATING business: Ireland. For IP HOLDING: Cyprus. For HOLDING with refunds: Malta.

CHAPTER 2

R&D Tax Credit: 30–35% Back on Research

The Irish R&D Tax Credit is one of the most generous in the world. The rate is 30% of qualifying R&D spending for accounting periods beginning on or after January 1, 2024, and 35% generally for periods ending on or after December 31, 2026. This means that if you spend €100,000 on R&D, you get a credit of €30,000 (or €35,000 at the new rate) from Revenue (the tax authority).

What qualifies as R&D: “systematic” research or development, in the field of science or technology, aimed at resolving “scientific or technological uncertainty.” It can be carried out in Ireland, in EEA countries, or in the United Kingdom, provided the expenses do not give a tax deduction in another country.

Qualifying expenses: salaries and payments to employees directly engaged in R&D; costs of materials and consumable assets used in R&D; outsourced R&D (up to 15% can be outsourced to universities and up to 15% to third parties); and overhead allocation.

How the credit works: a company spends €500,000 on R&D. The credit at 30% is €150,000 (at 35%, €175,000). The credit is paid in three annual installments: the first is the greater of €87,500 (or the whole credit, if it is smaller) and 50% of the credit; the second is 3/5 of the remainder; the third is whatever is left. The €87,500 threshold for the first installment applies generally to accounting periods ending on or after December 31, 2026; for 2025 periods it was €75,000. The company can apply the first installment against its tax payments.

Knowledge Development Box (KDB): since October 1, 2023, an effective rate of 10% on qualifying income from IP (a deduction of 20% of qualifying profit); the regime has been extended to accounting periods beginning before January 1, 2027. The IP must

be developed in Ireland (or partly in Ireland). Qualifying income includes royalties, capital gains from IP disposal, and trading income embedded with IP. Combining the R&D credit with KDB: R&D spending earns a 30–35% credit, and the IP created from that R&D earns a 10% tax rate on its income. This is one of the best R&D-to-IP stacks in the world.

In practice, who uses the R&D credit: tech startups (pre-profit companies get a cash refund), scale-ups with active R&D teams, pharma and biotech companies, financial services technology (fintech), and aerospace and advanced manufacturing. Even small companies with 3–5 developers can receive €50,000–100,000 in R&D credit.

Claim process: the claim is filed with the Annual Corporation Tax Return. Revenue often audits R&D claims, so you need good documentation. We recommend hiring an R&D tax specialist (they work on a contingency of 15–25% of the amount recovered, like SR&ED in Canada).

CHAPTER 3

Dublin as an EU HQ: Startups and the Ecosystem

Dublin is one of the liveliest startup cities in Europe. The “Silicon Docks” is the district along the Grand Canal Dock where the offices of Google, Facebook, LinkedIn, Twitter, Airbnb, and hundreds of startups are located.

The ecosystem in numbers: 1,000+ tech companies. 200+ multinational EU HQs in Dublin. €10B+ in VC investment in Irish tech (2019–2024). 25,000+ tech workers. As for unicorns headquartered in Dublin, there are not many home-grown ones, but there are a huge number of multinational EU operations.

Key players: Enterprise Ireland is the state agency supporting Irish startups, with grants, mentorship, and export support. IDA Ireland attracts foreign investment and offers incentives for relocating businesses. Research Ireland (Taighde Éireann) is the national research funding agency, created on August 1, 2024 by merging Science Foundation Ireland and the Irish Research Council. NDRC (National Digital Research Centre) is an accelerator. Dogpatch Labs is a leading tech coworking and community space. Frontline Ventures, Draper Esprit, Atlantic Bridge, Goodbody, and Elkstone are active Irish VCs.

Programs for startups: Start-up Relief for Entrepreneurs (SURE) refunds income tax to people who leave employment and invest in their own new company; the relief can be claimed for the year of investment and up to 6 prior years, with a limit of €140,000 of investment per year. Employment Investment Incentive (EII) is tax relief for investors who invest in SMEs; the effective relief rate is 20% to 50% of the investment amount depending on its type, the relief is given in full in the year of investment, and the shares must be held for 4 years. Revised Entrepreneur Relief means CGT of 10% instead of the standard 33% when you sell a qualifying business, with a lifetime limit of €1.5M for sales from January 1,

2026 (previously €1M). Key Employee Engagement Programme (KEEP) offers employee stock options with favorable taxation. Revenue Online Service (ROS) handles all digital tax filing.

Tech talent: the Irish are highly skilled tech workers, and English is their native language. On tech salaries, Dublin competes with London. A senior developer earns €70,000–€120,000. Tax is high: personal income tax of up to 40% plus USC and PRSI. But many people receive significant equity and option packages, and EII tax relief draws in local capital.

Competition: Berlin, Stockholm, and London compete for EU tech talent. Dublin beats them all on corporate taxes, on the presence of US tech giants (networking, talent, spillover), and on the English language. But it loses on cost of living (Dublin is expensive), on size (a small market), and on bureaucracy for non-EU citizens.

CHAPTER 4

Immigration to Ireland: For Entrepreneurs and Professionals

Ireland is an EU country with a complex but understandable immigration system. Several routes are available to non-EU citizens.

Start-up Entrepreneur Programme (STEP): for entrepreneurs creating an innovative, high-potential startup. Requirements: €50,000 in funding (own funds, a loan, angels, a venture fund, or a grant from an Irish state agency). The business must be able to create 10 jobs in Ireland and reach €1M in sales within 3 years. An Evaluation Committee reviews the application. The permit is valid for 2 years and can be extended for another 3 years. After 5 years you have the right to long-term residence. Important: by direction of the Minister for Justice, STEP does not accept applications from citizens of Russia and Belarus.

The Immigrant Investor Programme (IIP) has been closed to new applications since February 15, 2023. Investors and projects approved earlier keep their status, and applications submitted before the closure are still being processed.

Critical Skills Employment Permit: for highly skilled professionals. Minimum salary from March 1, 2026: €40,904 for occupations on the Critical Skills Occupations List with a relevant degree, €68,911 without a relevant degree, and €36,848 for recent graduates. Priority goes to IT, engineering, science, and healthcare. The permit lasts 2 years and is renewable up to 5 years, then Stamp 4, then citizenship after 5 years.

The path to citizenship: 5 years of lawful residence in Ireland (under certain conditions). Residence must be continuous for the last year, with 4+ of the previous 8 years. English language (de facto, you live in Ireland and everything is in English). There is no mandatory test, with no language or history exam. You need

sufficient income and integration. Dual citizenship is allowed. The Irish passport is one of the strongest. Post-Brexit, it is especially valuable for those working with the UK market (the Ireland-UK Common Travel Area).

Real difficulties: the housing crisis. Dublin has an acute housing shortage. Rents have risen 60%+ since 2016. Finding an apartment is a serious task for newcomers. Social services are under pressure. Healthcare: the HSE (the state system) is overloaded, and private insurance is recommended.

CHAPTER 5

Cost of Living and the Reality of Dublin

Dublin is one of the most expensive cities in the EU. Understanding real costs is critical when planning a move.

Housing is the main problem. Rent for a 1BR in Dublin City Centre: €2,000–€3,000/month. In the suburbs: €1,500–€2,200. Buying a 1BR in Dublin 2/4/6: €350,000–€550,000. In the suburbs: €250,000–€350,000. The housing crisis is real: the median rent in Dublin is among the highest in the EU. This is a serious factor in quality of life.

Other expenses: a restaurant meal is €15–35. A pint of beer in a pub is €6.50–€8 (Dublin is expensive for beer). Transport: a Leap Card (monthly pass) costs €140. A taxi (Uber/Free Now) is €15–30 across the city. A personal car means expensive parking and insurance. Groceries: Lidl/Aldi (the budget option), Tesco and Dunnes Stores (standard), M&S, Marks & Spencer (expensive). Total for one person: €3,500–€5,000/month.

Personal taxes (high): Irish personal tax is Income Tax of 20% (on the first €44,000 for a single person in 2026) plus 40% (above that), USC (Universal Social Charge) of 0.5%–8%, and PRSI of 4.35% (from October 1, 2026). On a salary of €80,000 the effective rate is about 42–45%. Personal Tax Credits reduce it a little. It is a high-tax state, compensated by high salaries and benefits at tech companies.

The upsides of life in Dublin: the largest anglophone city in the EU (London left the EU). A friendly, sociable culture. Pub culture is a unique social phenomenon. Nature: the Cliffs of Moher, the Ring of Kerry, and the Wicklow Mountains are 1–2 hours away. Healthcare is excellent if you have private insurance. Education: Trinity College Dublin and University College Dublin are excellent universities. The Children's Hospital is one of the best in the EU. Safety: generally safe, but watch for pickpockets in tourist areas.

Ireland outside Dublin: Cork is the second city, with a lively cultural scene, more expensive than Dublin's suburbs but cheaper than the center. Galway is a student city by the ocean. Limerick is growing fast as a tech hub. The size of Ireland: it is a small country, so everything is close. Dublin to Cork is 2.5 hours by car. Irish Rail and buses connect the main cities.

CHAPTER 6

Setting Up an Irish Limited Company

An Irish Private Company Limited by Shares (Limited, or DAC, a Designated Activity Company) is the standard business form. It is registered through the Companies Registration Office (CRO).

Requirements: at least 1 director. At least 1 director must be an Irish resident or an EU citizen. If not, you need a Non-Resident Director Bond (a €25,000 insurance bond) or a Section 137 bond. A Company Secretary (a separate person from the sole director if there is only 1 director). A registered office in Ireland. Minimum share capital: €1.

Registration: you file with the Companies Registration Office (CRO) online through the CORE system on cro.ie. The company adopts a Constitution (which replaced the Memorandum & Articles under the Companies Act 2014). The online registration fee (Form A1) is €50. Timing: the CRO aims to issue the certificate within 5 working days under the Fé Phráinn scheme or within 10 working days under the regular online scheme. Tax registration is separate, with Revenue (Revenue.ie → Online Services → myAccount or ROS).

Tax registrations: Corporation Tax (CT), automatically or through ROS. VAT: 23% standard, 13.5% reduced, 9% for food and drink in restaurants, catering, and hot takeaway food (from July 1, 2026), and 0% on food and children's clothes. Registration threshold (from January 1, 2025): €85,000 for goods and €42,500 for services. Employer PAYE, if you hire Irish employees. RCT (Relevant Contracts Tax), in construction, forestry, and meat processing.

Compliance: the Annual Return is due no later than 28 days after the Annual Return Date (usually 6 months after the company anniversary plus 28 days). Audited accounts are mandatory for most companies. A small company can skip the audit if it stays within the CRO limits (turnover up to €15M, balance sheet up to

€7.5M, up to 50 employees) and files its annual return on time: from July 16, 2025, two late filings in 5 years remove the right to the exemption. The Corporation Tax Return (Form CT1) is due within 8 months and 23 days after year-end (online).

The cost of running an Irish company: Registered Office: €300–500/year. Company Secretary: €500–1,500/year. Accountant/Auditor: €1,500–€5,000/year for a small business. Tax advisor: from €200 hourly. Total: €3,000–€8,000/year in compliance costs for a small company.

Professional services: Ireland has a deep professional services ecosystem. The Big4 (Deloitte, PwC, EY, KPMG) all have large Dublin offices specializing in FDI. Many boutique firms specialize in R&D credits, IP structures, and fund administration.

What next

Thank you for reading “Ireland: 12.5% Tax, R&D Credits, and an English-Speaking Base in the Heart of the EU”.

Updates to this book, EPUB and PDF files and every guide in the series are on the book page: guides.mmix.biz/en/ireland

Maksym Stepanenko, Innova Publishing.