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PREFACE

This is the eighth edition of *Global Legal Insights – Corporate Tax*. It represents the views of a group of leading tax practitioners from around the world.

One consistent trend across each jurisdiction is the evolving nature of tax rules which impact cross-border arrangements, and the ongoing uncertainty that this creates. BEPS implementation is now well into the domestic implementation phase and transfer pricing is now a mainstream aspect of tax planning.

We also see renewed effort to reach an international consensus on taxation of the digital economy, with increasing concern that further delay will prompt unilateral domestic action across the OECD. This has prompted reaction from the US government in particular, and it was recently announced that the US would not be taking part in negotiations relating to 'Pillar One' – which broadly proposes changes to traditional nexus rules for allocating taxing rights, enabling a portion of the revenue generated from digital services to be taxed in the jurisdiction in which they are used. The US stated that they were stepping away from talks as the OECD was not making headway on a multilateral deal on digital services taxation. In addition, tax compliance and information reporting are entering a new phase, as DAC 6 will be implemented across the EU.

The impact of COVID-19 will inevitably add to the complex international tax landscape. The long-term impact of the lockdown restrictions and the fiscal measures taken by governments worldwide remains to be seen; however, it is likely that tax policy will play an important role in revitalising the economy.

Authors were invited to offer their own perspective on the tax topics of interest in their own jurisdictions, explaining technical developments as well as any trends in tax policy. The aim is to provide tax directors, advisers and revenue authorities with analysis and comment on the chosen jurisdictions. I would like to thank each of the authors for their excellent contributions.

Sandy Bhogal
Gibson, Dunn & Crutcher UK LLP

Ireland

Andrew Quinn, Lynn Cramer & Niamh Cross
Maples Group

Overview of corporate tax work over the last year

Financial services

Ireland is a leading European jurisdiction for the establishment of bond-issuing special purpose vehicles ("**SPVs**"), securitisation companies. In 2019, the Irish share of the number of Euro area "Financial and Vehicle Corporations" ("**FVCs**") was 27.6%. FVCs are bond-issuing companies required to report to the European Central Bank.

Ireland is also a leading domicile for internationally distributed investment funds. In 2019, the total funds assets under management in Ireland was €5.2 trillion, with the number of funds domiciled in Ireland being 7,707 and approximately €2 trillion held in these Irish domiciled funds.

Mergers and acquisitions

2019 was another strong year for M&A activity in Ireland with deals encompassing an Irish aspect totalling $44.5 billion, while M&A activity abroad rose 51% to $16.3 billion.

Aircraft leasing and aviation finance

Ireland is a global centre for aircraft leasing with over 50 aircraft leasing companies based in Ireland, including 14 of the world's top 15 lessors. Over the past 10 years, the commercial aviation industry has enjoyed sustained growth. However, 2020 is expected to be a challenging year for this industry worldwide as travel restrictions introduced as part of the response to COVID-19 have severely restricted operations.

Intellectual property

Ireland is a leading location for the development, exploitation and management of intellectual property ("**IP**"). According to IDA Ireland, the number of global companies centralising their IP management in Ireland has made Ireland one of the largest exporters of IP in the world. Eight of the top 10 global technology companies, eight of the top 10 global pharmaceutical companies and 15 of the top 25 medical devices firms in the world are located in Ireland. In recent years, Ireland has attracted a range of innovative social media companies, including Google, Facebook, Twitter and LinkedIn, all of whom have established substantial operations in Ireland.

Tax disputes

2019 was a significant year for Ireland in the area of tax disputes. The Tax Appeals Commission (the "**TAC**"), which was newly reconstituted in 2016, made progress in dealing with a backlog of cases. The TAC closed 1,584 appeals during 2019 with the quantum of monies involved amounting to approximately €665 million. One hundred and twelve hearings are scheduled for 2020 with further hearings to be added during the year. As such, this represents a significant area of work for Irish tax practitioners.

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Of particular note are the developments in the *Perrigo* tax case over the past year. This case arose out of a €1.64 billion assessment issued by the Irish Revenue Commissioners ("**Revenue**") in 2018 against Perrigo Company plc. In February 2019, Perrigo brought proceedings in the Irish Commercial Court seeking judicial review of the decision by Revenue to raise that assessment. Those judicial review proceedings were heard remotely during the COVID-19 restrictions and at the time of writing, judgment on the case is awaited.

The EU General Court determined on 15 July 2020 that Ireland did not give Apple illegal State Aid, so overturning the European Commission decision. This ruling may be appealed by the European Commission to the European Court of Justice.

Key developments affecting corporate tax law and practice

COVID-19 pandemic response

At the time of writing, Revenue has issued guidance on many tax issues arising from the COVID-19 pandemic and the restrictions introduced to reduce the spread of the disease. Among the measures introduced by Revenue are the following:

- The suspension of the application of a surcharge for late corporation tax return filings for accounting periods ending June 2019 onwards. The late filing will also not trigger any restriction of reliefs, such as loss relief and group relief, as would ordinarily be required.
- The suspension of Revenue's debt collection and accrual of interest on late payments for the January–June Value-Added Tax ("**VAT**") periods and February–June pay-as-you-earn ("**PAYE**") (Employer) liabilities 2020.
- The filing deadline for all 2019 share scheme returns has been extended from 31 March 2020 to 30 June 2020.
- The 90-day employer filing obligation applicable to the Special Assignee Relief Programme ("**SARP**") has been extended for a further 60 days.
- Cross-border workers relief will not be affected by employees being required to work from home in Ireland due to COVID-19. Similarly, Revenue will not enforce Irish payroll obligations where an employee relocates temporarily to Ireland during the COVID-19 period and performs duties for their employer from Ireland.
- Revenue will not strictly enforce the 30-day notification requirement for PAYE dispensations applicable to certain short-term business travellers.
- PAYE exclusion orders will not be adversely affected by an employee working more than 30 days in Ireland as a result of COVID-19.
- For the purposes of Irish tax residency rules, where a departure from Ireland is prevented due to COVID-19, Revenue will consider this *force majeure* for the purpose of establishing an individual's tax residence position.
- For the purposes of corporate tax residence, Revenue will disregard presence of employees, directors, service providers or agents in Ireland or outside Ireland resulting from COVID-19-related travel restrictions. In these circumstances, Revenue has advised that the individual and company should maintain a record of the facts of the *bona fide* relevant presence in or outside Ireland.
- Following the adoption of Council Directive (EU) 2020/876 which allowed for the deferral of the exchange dates for DAC2, and the filing and exchange dates for DAC6, Revenue has confirmed that the deadline for filing DAC2 returns in respect of the 2019 reporting period is now deferred until 30 September 2020. This deadline will also apply for the filing of Common Reporting Standard and Foreign Account Tax Compliance Act returns. Finally, DAC6 reporting deadlines have been deferred by six months.

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- Importation of goods to combat the effects of COVID-19 from outside the European Union ("**EU**") without the payment of Customs Duty and VAT from 20 January 2020 to 31 July 2020.

OECD BEPS and domestic legislation

There have been significant developments in Irish corporate tax law on the international front this year. These developments have been motivated by the Irish Government's continued commitment to the implementation of the reforms set out in "Ireland's Corporation Tax Roadmap" which was published in September 2018. This roadmap laid out the next steps in Ireland's implementation of its various commitments to international tax reform. Most significant is Ireland's implementation of the reforms proposed as part of the OECD Base Erosion and Profit Shifting ("**BEPS**") process, the EU Anti-Tax Avoidance Directive ("**ATAD**") and the EU Directive on Administrative Cooperation.

The most significant developments in Ireland's implementation of these initiatives during 2019 and 2020 concerned the following:

a) Transfer pricing rules.
b) Anti-hybrid rules.
c) DAC6 – Mandatory Disclosure Regime.
d) Double taxation treaties.
e) Extension of exit tax regime.

<u>Transfer pricing rules</u>

Formal transfer pricing legislation (the "**Irish TP Rules**") was introduced for the first time in Ireland in 2010 in respect of accounting periods commencing on or after 1 January 2011, for transactions the terms of which were agreed on or after 1 July 2010.

A number of changes to the Irish TP Rules were introduced as part of the Finance Act 2019 and these apply from 1 January 2020. The changes bring the Irish TP Rules in line with the 2017 OECD Guidelines. The changes significantly broaden the scope of the Irish TP Rules and include an extension of the Irish TP Rules to non-trading and capital transactions. Additionally, arrangements predating 1 July 2010 are brought into scope for the first time.

In order to fall within the Irish TP Rules, there must be an arrangement between associated parties involving the supply and acquisition of goods, services, money, intangibles or chargeable assets. The rules provide that in the case of a transaction where the amount paid to the supplier exceeds, or the amount received from the customer is less than, the arm's length price, then the profits of the customer or vendor, respectively, will be calculated as though the price was an arm's length price.

The Irish TP Rules apply the arm's length principle which is to be interpreted in accordance with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrators (the "**OECD Guidelines**").

The rules apply to both cross-border and domestic transactions. The Irish legislation contains rules to eliminate double counting where domestic transactions only are involved.

The rules apply even where both parties are within the charge to Irish tax to ensure that the rules are not discriminatory from an EU law perspective. However, where the profits of one party are adjusted under the legislation, the rules provide that, where the other party is also within the charge to Irish tax, they can make an election to use the arm's length price in the calculation of their profits so that the group is not disadvantaged.

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Two persons are associated if one controls the other or both are controlled by the same person. The controlled person in each case must be a company. A company will be treated as controlled by an individual if the individual, together with relatives of that individual (i.e. husband, wife, ancestor, lineal descendant, brother or sister), control it.

Although the legislation was extended to include small- and medium-sized enterprises (“**SMEs**”), this is subject to enactment under a Ministerial order. Accordingly, the new transfer pricing regime does not currently apply to enterprises that employ less than 250 employees, and have a turnover not exceeding €50 million, or total assets not exceeding €43 million in value.

Anti-hybrid rules

Ireland has implemented legislation to address hybrid mismatch arrangements as required by EU Council Directive (EU) 2017/952, amending Directive (EU) 2016/1164 (the “**Anti-Tax Avoidance Directive II**”). The Irish implementing legislation took effect from 1 January 2020 in respect of all payments made after that date. Grandfathering of historic structures was not introduced.

A hybrid mismatch arrangement is a cross-border arrangement that generally involves a hybrid entity or hybrid instrument and results in a mismatch in the tax treatment of a payment across jurisdictions.

Relationship between the parties

The Irish legislation generally (other than with respect to withholding tax and tax residency forms of hybrid mismatch) only applies where the parties are (i) associated enterprises, (ii) head offices and permanent establishments, (iii) permanent establishments of the same entity, or (iv) parties to a structured arrangement.

Broadly, enterprises will be associated where:

a) one enterprise holds a certain percentage (25% or 50% depending on the particular provision) of the shares, voting rights or rights to profits in the other enterprise, or if there is a third enterprise that holds an equivalent interest in both enterprises;
b) both enterprises are included in the same set of consolidated financial statements prepared under international accounting standards or Irish generally accepted accounting practice, or both enterprises would be included in the same set of financial statements if such statements were to be prepared in accordance with those accounting practices (this is subject to certain exceptions); or
c) one enterprise has significant influence in the management of the other enterprise, where significant influence means the ability to participate on the board of directors or equivalent governing body of that enterprise, in its financial and operating policy.

A structured arrangement is one where the mismatch outcome is priced into the terms of the arrangement or the arrangement was designed to give rise to a mismatch outcome.

Forms of hybrid mismatch

The forms of hybrid mismatch that the legislation addresses are those arising by virtue of double deductions, permanent establishments, financial instruments, hybrid entities, withholding tax and tax residency.

Broadly, where a payment has been “included” by a payee, such inclusion will generally mean that a hybrid mismatch does not arise. Payments are considered to be included where the payee is:

- chargeable to tax on that payment (other than on a remittance basis);
- exempt from tax on its profits or gains;

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- established in a jurisdiction that does not impose tax on such payment; or
- subject to a controlled foreign company charge or foreign company charge.

Application

The rules could apply whenever Irish companies make payments that give rise to a tax deduction in Ireland, but no other country taxes the associated receipt by reason of hybridity. If the hybrid rules apply to such a payment, the Irish company may be denied a tax deduction for the payment.

<u>EU DAC6 – Mandatory Disclosure Regime</u>

Ireland has implemented the EU DAC6 rules which require intermediaries and, in certain cases, taxpayers to notify tax authorities when they promote or, broadly, assist in implementing cross-border arrangements with particular tax "hallmarks".

An arrangement will be "cross-border" where it concerns either more than one EU Member State or one EU Member State and a third country (a non-EU Member State). A cross-border arrangement will be reportable if it falls within any one of the hallmarks set out in Annex IV of DAC6. Of the five categories of hallmarks, two have to also satisfy a "main benefit test" while the other three do not. The main benefit test will be met where obtaining a tax advantage (as defined in the Irish Finance Act 2019) is one of the main benefits that a person may reasonably expect to derive from the arrangement.

Reporting obligations exist for intermediaries and, in certain cases, taxpayers. The term "intermediary" is very broad and can apply to a number of different participants in an arrangement. It includes anyone who designs, markets, organises or makes available or implements a reportable arrangement, or anyone who aids or assists with reportable arrangements and knows, or could reasonably be expected to have known, that they are doing so. This could include accountants, financial advisers, lawyers, in-house counsel and banks.

If the arrangement is deemed to be reportable, the ensuing reporting obligation lies with all intermediaries involved in a transaction, unless an intermediary can prove that another intermediary involved has reported the arrangement. Disclosure need only be made once in respect of an arrangement.

An intermediary is not required to report information with respect to which a claim of legal professional privilege could be maintained by the intermediary in legal proceedings. However, in such cases, the intermediary must, without delay, notify any other intermediary, or the relevant taxpayer if there are no other intermediaries, of the obligations imposed on the other intermediary/relevant taxpayer, as appropriate. The obligation may revert to the taxpayer in certain situations, including where all EU-based intermediaries invoke legal professional privilege.

As originally implemented, reportable arrangements occurring between 25 June 2018 and 30 June 2020 were required to be reported no later than 31 August 2020. In addition, from 1 July 2020, reportable arrangements were intended to be reported within 30 days beginning:

- from the day after the arrangement is made available for implementation;
- from the day after the arrangement is ready for implementation;
- from when the first step in the implementation has been made, whichever is first; or
- from the day after the intermediary provided, directly or by means of other persons, aid, assistance or advice.

However, at the time of writing, as part of the response to COVID-19, the EU permanent Member State representatives on the Permanent Representatives Committee ("**Coreper**")

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reached an agreement for an optional six-month deferral for both reporting and information exchange under DAC6. Ireland has implemented this deferral with the following effect:

- Reportable cross-border arrangements implemented between 25 June 2018 and 30 June 2020 should now be reported by 28 February 2021 (i.e. up to six months after the original deadline of 31 August 2020).
- Reportable cross-border arrangements occurring between 1 July 2020 and 31 December 2020 should now be disclosed within 30 days as from 1 January 2021.
- Reportable cross-border arrangements occurring on or after 1 January 2021 should also be disclosed within a 30-day period.

The Irish legislation provides for monetary penalties for non-compliance. The severity of penalties depends on the type of breach involved. Certain breaches by taxpayers and intermediaries carry a penalty of up to €4,000, with a further penalty of up to €500 per day for each day on which the failure continues.

The Irish implementation of DAC6 is a significant new development potentially affecting many ordinary cross-border commercial transactions. Intermediaries and taxpayers will need to monitor transactions and assess whether they are reportable, particularly bearing in mind the complex legal interpretation of the legislation and potential exclusions.

Double taxation treaties

On 13 June 2019, Ireland signed a new treaty with the Netherlands which will replace the existing treaty on its entry into effect. Ireland and Switzerland signed a Protocol on 13 June 2019 amending the existing treaty and amending protocols. This was ratified by the Finance Act 2019.

Negotiations have concluded for new treaties between Ireland and each of the following countries: Kenya; Kosovo; Oman; and Uruguay.

In addition to the negotiation of new treaties, Ireland's existing tax treaties will be modified by the operation of the OECD Multilateral Convention to Implement Tax Treaty Measures to Prevent BEPS ("**MLI**"). Ireland deposited its instrument of ratification of the MLI on 29 January 2019, which entered into force from 1 May 2019. The MLI operates so as to modify existing tax treaties, and how each treaty is modified depends on the method of implementation adopted by each contracting state. The key provisions in respect of Irish double tax treaties will be in relation to the tax treatment of transparent entities, dual resident entities, and the introduction of a principal purpose test ("**PPT**"). The PPT is significant and will essentially bring in a "business purpose" test that must be satisfied by a resident before it can be entitled to benefit from the treaty in question.

Exit tax

Ireland introduced new "exit tax" rules for companies in the Finance Act 2018. The Finance Act 2019 extended those rules such that transfers by non-EU companies with a permanent establishment in Ireland will now also be captured. Previously, only companies resident in Ireland or another EU Member State were within scope.

Domestic tax court cases

Perrigo Company plc

It was announced in December 2018 that Revenue had assessed a subsidiary of Perrigo Company plc to a tax liability of €1.636 billion, not including potential interest or any applicable penalties. Perrigo has brought judicial review proceedings in respect of the Revenue assessment. Those judicial review proceedings were heard by the Irish High Court in June 2020 and, as at the time of writing, the written judgment of the Court is awaited.

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The Revenue assessment related to the sale in 2013 by what was then known as Elan Pharma International of its interest in certain IP was treated by the Company as a trading transaction. Revenue, after reassessing the transaction, declared it should have been treated as a chargeable gain, which is subject to a higher tax rate.

There has been significant public commentary on this matter given the size of the assessment and the broad application and significance of the tax position at issue.

European – Court cases and EU law developments

European Commission State Aid investigation – Apple

The European Commission decision relating to the *Apple* case was published on 19 December 2016. The investigation centred on whether Ireland allowed Apple to adopt a method of taxation that provided it with a competitive advantage and breached EU State Aid rules. The Commission concluded that this did occur, and ordered Ireland to recover approximately €13 billion, plus interest, from Apple.

In coming to its decision, the Commission focused on the arm's length principle and whether Ireland applied that principle in its taxation of Apple. The two Apple entities that were the primary focus of the decision were both non-Irish resident, but maintained an Irish branch. Under Irish law, at that time, only the profits derived from an Irish branch were subject to tax in Ireland. The Commission examined the profits which, in its view, should have been allocated to the branches under the arm's length principle. The profits at stake were derived from the IP of the entities. Ireland had treated such profits as outside the scope of Irish taxation, on the basis that the entities were not resident in Ireland.

As part of its decision, the Commission effectively determined that the absence of employees and verifiable activity in the head offices meant that a significant amount of that activity should be allocated to the Irish branches.

The process could take a further three years before there is a final outcome.

Tax climate in Ireland

Ireland has a modern, open economy that attracts a significant amount of inward investment by multinationals and financial services businesses. Ireland has a 12.5% corporation tax rate for trading income on a regulated investment funds regime, a special purpose company regime that facilitates international financial transactions including securitisation and bond-issuance companies, a network of over 74 double tax treaties, broad withholding tax exemptions for outbound payments based generally on the EU or tax treaty residence of the recipient and a participation exemption for gains on shares.

Ireland's approach to international tax policy is one of full engagement, with international initiatives led by the OECD and the EU to combat tax avoidance and increase tax transparency. As set out above, Ireland is committed to the OECD BEPS global tax reform process and has implemented many of the BEPS recommendations.

Developments affecting the attractiveness of Ireland for holding companies

The Irish tax treatment of holding companies includes a participation exemption from capital gains, assuming certain conditions are met, and a 12.5% rate of corporation tax which applies to (a) dividends from other EU or treaty countries, or countries that have ratified the Convention on Mutual Assistance in Tax Matters which are sourced from trading activities, and (b) dividends from foreign portfolio companies (i.e. those in which

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the Irish holding company has less than a 5% interest). Ireland also operates a foreign tax credit system which can eliminate or reduce any Irish tax liability on the receipt of foreign dividends depending on the amount of the credit.

Industry sector focus

Securitisation

Irish resident companies that hold and/or manage certain "qualifying assets" (which includes financial assets) and meet certain other conditions may be regarded as "qualifying companies" for the purposes of section 110 of the Irish Taxes Consolidation Act 1997 ("**TCA**"). The taxable profits of such companies under section 110 TCA are calculated as if they are trading entities, with the result that they can deduct funding costs, including interest swap payments, provided certain conditions are met. Any residual profit is liable to corporation tax at 25%. The nature of the regime has led to its use in a range of international finance transactions including repackagings, collateralised debt obligations and investment platforms. Certain changes to the regime were introduced in 2011 and again as part of the Finance Act 2019, which means that deductibility of funding costs may be restricted where interest is paid to certain persons.

Investment funds

Ireland offers an efficient, clear and certain tax environment for investment funds regulated by the Central Bank of Ireland known as the "gross roll-up regime". As a general rule, investment funds (which fall within the definition of an "investment undertaking" for the purposes of section 739B TCA) are, broadly, not subject to tax in Ireland on any income or gains they realise from their investments, and there are no Irish withholding taxes in respect of distributions, redemptions or transfers of units by or to non-Irish investors, provided certain conditions are met. In particular, non-Irish resident investors and also certain exempt Irish investors must generally provide the appropriate Revenue approved declaration to the fund. Irish funds should therefore only be required to withhold investment undertaking tax on payments in respect of certain Irish investors.

In addition, no stamp duty is payable in Ireland on the issue, transfer, repurchase or redemption of units in a regulated Irish fund. While Ireland has introduced a new tax regime for Irish real estate funds ("**IREF**") holding Irish situate real estate which could entail additional withholding tax arising out of certain events, including distributions to investors, this does not affect the tax treatment discussed above where the investment fund does not hold Irish real estate assets.

Finally, the provision of investment management services to a regulated investment fund is generally exempt from Irish VAT.

Aircraft leasing and aviation finance

Ireland is a global hub for aviation finance with over 50 aircraft leasing companies based in Ireland, including 14 of the world's top 15 lessors.

Tax reform measures introduced as part of the BEPS programme will be relevant to this sector.

For example, as set out above, the MLI will introduce a new PPT into Irish double tax treaties. This could deny a treaty benefit (such as a reduced rate of withholding tax) if it is reasonable to conclude, having regard to all facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit.

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While tax treaty access is key for aircraft lessors given the worldwide nature of their business, many would have substantial operations in Ireland so it is unlikely that the new PPT test would be an issue in that case.

The EU ATAD interest limitation rules will also be a key consideration for any aircraft lessors. Aircraft lessors have traditionally utilised leverage to fund the acquisition of aircraft, so a restriction could be significant on the tax deductibility of those interest payments and lead to higher taxes.

Real estate

IREFs are regulated Irish funds investing in Irish property and related assets and are subject to specific tax treatment, including a potential withholding tax which applies on distributions from an IREF.

The Finance Act 2019 contained further changes to the tax regime which applies to IREFs.

The key points emerging from the Finance Act 2019 are as follows:

a) The IREF can be subject to Irish tax if the amount of debt incurred exceeds 50% of the cost of its IREF assets. There is relief where the debt incurred qualifies as third-party debt under the provisions.
b) The IREF can be subject to tax where it breaches certain ratio limits relating to the amount of its tax-adjusted interest expense. As above, there is a relief where the interest relates to debt qualifying as third-party debt.
c) The IREF can also be subject to tax where its accounts reflect a deduction for expenses or disbursements which are not wholly and exclusively laid out for the purposes of its IREF business.

The tax charge is a direct tax (rather than a withholding tax) of 20%. The computation of this tax charge is complex and will depend upon a number of factors.

Additional anti-avoidance and compliance obligations were also introduced. Finally, the Irish Minister for Finance has noted that he will continue to review the tax treatment of IREFs and is open to further legislative amendments if he perceives the IREF regime is being used for ongoing tax avoidance. It would not be surprising if further changes are introduced.

Intellectual property

Ireland is a leading location for the development, exploitation and management of IP. The 12.5% corporation tax rate on trading income, a 25% tax credit on the cost of eligible research and development activities, capital allowances on the cost of acquiring certain intangible assets and a large double tax treaty network to facilitate the flow of funds between Ireland and other countries, are all features of the Irish tax system that are relevant to a business with IP.

The year ahead

Ireland has a stable, competitive tax regime based on clear, long-established rules. International business has benefitted from this environment, hence the number of multinationals headquartered in Ireland and major investment funds that invest through Irish funds and investment companies.

While it is a time of unprecedented change in the international tax environment, Ireland is keeping pace and adapting to these developments. While Ireland remains committed to its 12.5% tax rate and is indeed at the forefront of features such as the knowledge development box, it has also been among the first countries to implement OECD Country-by-Country Reporting, the MLI and other aspects of the OECD BEPS initiatives.

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The Finance Act 2019 introduced many changes to the Irish tax landscape, including transfer pricing, DAC6 and anti-hybrid provisions. Guidance is expected to be published by Revenue in due course on each of these new provisions.

As part of its implementation of EU ATAD, Ireland is running a public consultation on the introduction of interest limitation rules. The interest limitation rule in ATAD requires, broadly, EU Member States to limit tax deductions for net borrowing costs to 30% of a taxpayer's earnings before interest, tax, depreciation and amortisation deductions ("**EBITDA**"), subject to certain exceptions. It is currently expected that the rules will be introduced by way of the Finance Act 2020 and implemented from 1 January 2021 or 2022.

Final international recommendations on the taxation of the digital economy should be forthcoming from the OECD in 2020 under the so-called "BEPS 2.0 Project". There may be further EU tax proposals throughout 2020–2021 on a range of tax issues, such as the common consolidated corporate tax base, financial transactions tax, digital sales tax and changes to the national veto system on direct tax matters. However, none of these proposals have unanimous support across the Member States, so compromise will be needed for these to progress any further.

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