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IRISH TAX MONITOR

2023 highlights

What would you consider to have been the tax highlights of 2023?

Andrew Quinn, Head of Tax, Maples: Ireland: The decision by the Minister for Finance Michael McGrath TD in September 2023 to progress with the introduction of a participation exemption for foreign dividends. This is a really important step to bring Ireland's tax system in line with international norms in this regard and indeed to be consistent with the general territorial approach followed in the OECD and EU Global Minimum Tax. As the Minister said in the consultation document in September 2023, this should safeguard our future competitiveness by providing a sound and stable basis for inward investment into Ireland in the long-term future. I remember how important the CGT participation exemption was for international corporate groups when it was introduced and this will finally bring in the necessary second limb.

EU: I could say the Global Minimum Tax but will save that for the global developments. Instead, I would highlight



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the continued growth of the tax agenda within the EU and the robust political and consultative process that has developed around that. We saw over the course of 2023 clear examples where there was considerable engagement between industry, citizens and NGOs, the Member States, the European Parliament and the European Commission in terms of the development of EU tax legislation. We

have seen it reported indeed that some measures originally promoted such as the DEBRA proposal will not now be progressing, which does show the mature and considered process involved in the development of EU tax legislation.

Global: The OECD and EU Global Minimum Tax of course, the culmination of a process that at times seemed like it might not succeed. It is a huge development in the tax world to have a consistent approach and set of tax rules internationally, and more broadly what it says in terms of international cooperation and the relationship between governments, business and citizens. The OECD has always said that the initiative needs a critical mass. Of course, we do not know yet whether it will proceed in some big economies like the US and China, but with large blocs implementing such as the EU, South Korea, the UK, Switzerland and Japan, it seems unlikely that many international businesses will not be subject to the rules – and this is borne out by official figures that say almost 90% of in-scope MNEs will be in scope by 2025. I am looking forward to continuing to work with Pillar Two into 2024 – it's a brand new tax system!