CHARTERED ACCOUNTANTS IRELAND

BUILDING ON OPPORTUNITY

A GUIDE TO FOREIGN DIRECT INVESTMENT IN NORTHERN IRELAND

FOREWORD

This is a time of change, but also great opportunity for Northern Ireland. We are in a unique position to attract investment to this corner of the world. Those already located here know our natural advantages as a place to do business – our location, with easy access to Great Britain and EU markets; our strong transport links with our neighbours; our ambitious, educated workforce; a stable and competitive tax system; and our ability to innovate and change with the times.

After all, we are standing on the shoulders of giants. Northern Ireland has a long and illustrious industrial and shipbuilding heritage, which is still in evidence in our towns and cities. To this day, manufacturing remains a significant part of our economy.

In the last 20 years however, we have established leadership and made our mark in some of the world's fastest growing, innovative, and high-value industries including digital transformation, data analytics, cyber security, life and health sciences, clean energy, and aerospace. This has resulted in a modern, future focused Northern Ireland, home to more than 1,100 international companies, employing 100,000 people.

Our appeal as a location for foreign direct investment remains strong, with 6,000 more companies registered in Northern Ireland today, than in 2016. And this appeal translates into a lasting affinity; 70% of new investors choose to subsequently reinvest in the region.

But we aren't finished yet. Northern Ireland's universities are internationally renowned, and the region is home to a number of centres of excellence, providing an ecosystem where research and innovation can thrive. These resources are ready and waiting for the future-focused entrepreneurs, investors, and global corporations who will lead in creating sustainable and innovative growth in the coming decades.

Paul Henry
President, Chartered Accountants Ireland

FOREWORD

As Head of Northern Ireland for Ireland's largest accountancy body, it gives me great pleasure to introduce Building on Opportunity - A Guide to Foreign Direct Investment in Northern Ireland.

Our Institute, our individual members and member firms are proud to promote Northern Ireland as a great place in which to live and work.

Northern Ireland's position as the gateway to the European market is unparalleled and the Northern Ireland business case is compelling. The region has a strong infrastructure, competitive costs and a young, educated workforce with a superb attitude. The bottom line is that Northern Ireland is a fantastic place to do business.

The phenomenon of Game of Thrones, the Titanic Visitor Centre and some of the world's most beautiful scenery have put Northern Ireland on the map in recent years. However, as business advisers, we know that Northern Ireland also has a great deal more to offer.

Our unique location, business environment and market access has helped to attract an array of new investors, contributing to the development of leadership in some of the world's most important and innovative industries including digital transformation, cyber security, and data analytics to name just a few. Meanwhile, innovation in more traditional sectors such as manufacturing has seen companies evolve and continue to contribute significantly to our economy.

The people of Northern Ireland are known around the world for their friendly, welcoming nature but another key characteristic is a tendency not to 'blow our own horn' or to be boastful about our achievements. It does not come naturally to us to give a 'hard sell'.

That said, we do have an undeniable business case for companies seeking to trade in both the UK and EU markets, as well as the skills and attitude to make any business locating here a success. You just need to look at some of the companies that have chosen to invest, then reinvest here, to see what is possible.

I hope that you'll find this guide helpful and informative, and that you can see for yourself why we believe Northern Ireland is such a special place in which to work and to live.

Zara Duffy
Head of Northern Ireland, Chartered Accountants Ireland

ABOUT CHARTERED ACCOUNTANTS IRELAND

Chartered Accountants Ireland is the largest and longest established accountancy body in Ireland representing 29,500 members throughout the globe, including 5,000 in Northern Ireland. The Institute was established as the Institute of Chartered Accountants in Ireland by Royal Charter in 1888. Its activities and those of its members are governed by its Bye-Laws and by Rules relating to professional and ethical conduct. Chartered Accountants Ireland is governed by a Council and it is responsible for determining policy and monitoring its implementation.

Organised on an all-island basis, Chartered Accountants Ireland is the leading voice of the accountancy profession on the island. Our members, Chartered Accountants, are business advisors, represented in senior positions in every sector and industry, north and south. Our role is to educate, represent and support our members. We are committed to restoring confidence at every level of the economy. We work with governments and businesses to raise awareness of the importance of sound financial advice.

The Institute's central purpose is to support and represent our members in every aspect of their profession. Increasingly, this role takes a more outward focus. Chartered Accountants Ireland has long been involved in the foreign direct investment (FDI) debate and has brought our technical skills and contacts to bear in supporting overseas investment. This publication is designed to support the good work of Government agencies and highlighting the attractiveness of Northern Ireland as a region to invest in is the core objective of this publication.

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WHY INVEST IN NORTHERN IRELAND?

A UNIQUE TRADING LOCATION, STRONG DIGITAL INFRASTRUCTURE, A STABLE ECONOMY AND A SKILLED WORKFORCE ENSURE NORTHERN IRELAND IS AN ATTRACTIVE DESTINATION FOR INVESTMENT.

Northern Ireland's unique location and business environment has contributed to the region attracting an influx of new investors in recent years. With its long industrial and shipbuilding heritage, Northern Ireland is often associated with more traditional sectors. In recent decades, however, it has established leadership in some of the world's most important and innovative industries including digital transformation, cyber security, and data analytics.

At the same time, more established industries have evolved. Manufacturing, for example, remains a significant player in Northern Ireland's economy, and the ability of the region to innovate has been a key factor in its resilience during challenging times.

Furthermore, post-Brexit trading arrangements which give Northern Ireland companies unfettered access to sell into both Great Britain and EU markets offer lots of opportunities for the region.

KEY BUSINESS SECTORS

NORTHERN IRELAND ATTRACTS INVESTMENT ACROSS A WIDE RANGE OF KEY SECTORS INCLUDING:

Manufacturing – Northern Ireland's manufacturing and engineering sector has in recent years grown three times faster than the rest of the UK. Companies operate in automotive, construction, electronics, energy, consumer products and materials handling sectors.

Financial services technology – Northern Ireland is the world's top region for financial services technology inward investment with companies such as Chicago Mercantile Exchange (CME), Visa and TPicap choosing to invest.

Financial services – companies such as Citi and Axa Insurance operate in the region.

Cyber-security – the region is the leading international investment location for US cyber security firms with investors including Rapid 7, WhiteHat Security and Black Duck.

Software development – Belfast is a leading FDI destination for new software development with investors such as IBM, Intel, and SAP among the 100 plus technology investors.

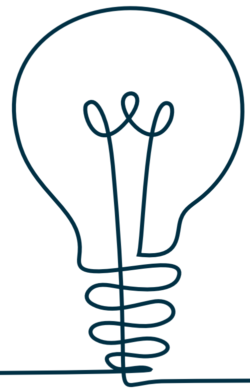
Life and health sciences – Northern Ireland is a hub for innovative research and innovation in the field of life and health sciences. There is vast expertise in precision medicine, medtech and clinical trials. Key companies include the Almac Group, Randox, Norbrook and Teva.

Aerospace and engineering – Spirit Aerosystems, Airbus and Boeing are among some of the companies working with Northern Ireland aerospace companies.

Clean energy – investment from global companies including the UK's first bespoke offshore wind installation and assembly terminal that was created at Belfast Harbour for Ørsted Energy.

"Over the next ten years, Northern Ireland will see £1.3billion of investment from the NI Executive and UK Government into four City & Growth Deals. This will fast track local economic activity and will see several strategic lighthouse projects implemented that will further build upon Northern Ireland's recognised capability in Artificial Intelligence, Manufacturing, Life Sciences and Creative Industries."

Invest NI



A UNIQUE TRADING ZONE

Northern Ireland is part of the UK's customs territory, however, follows the EU's customs code for goods. This means trade in goods can continue largely as it did before the UK's departure from the EU with no customs duties or customs paperwork on the sale of goods to both Great Britain and the EU (including Ireland) from Northern Ireland. This unique market access, in addition to a skilled workforce and business friendly environment makes Northern Ireland an attractive base for companies seeking to trade in both the UK and EU markets.

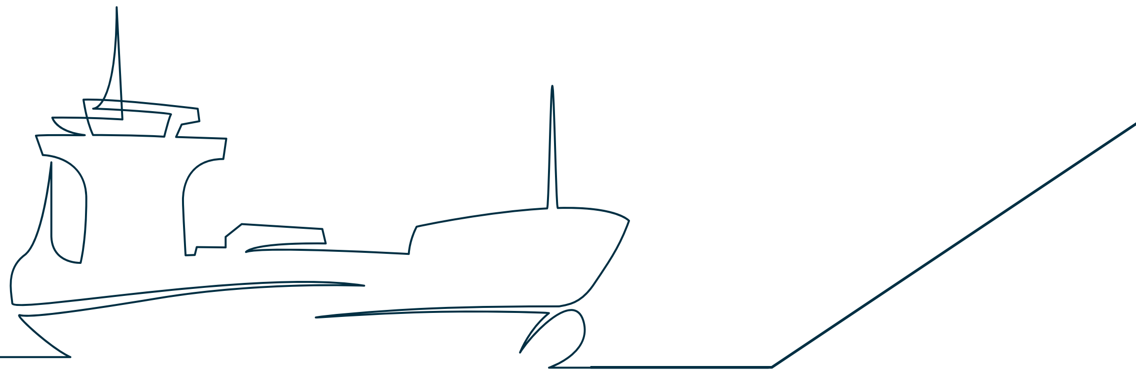
Northern Ireland provides compelling investment options for businesses wishing to reconfigure supply chains and reduce bureaucracy, particularly those businesses involved in the trade and distribution of high-tariff goods.

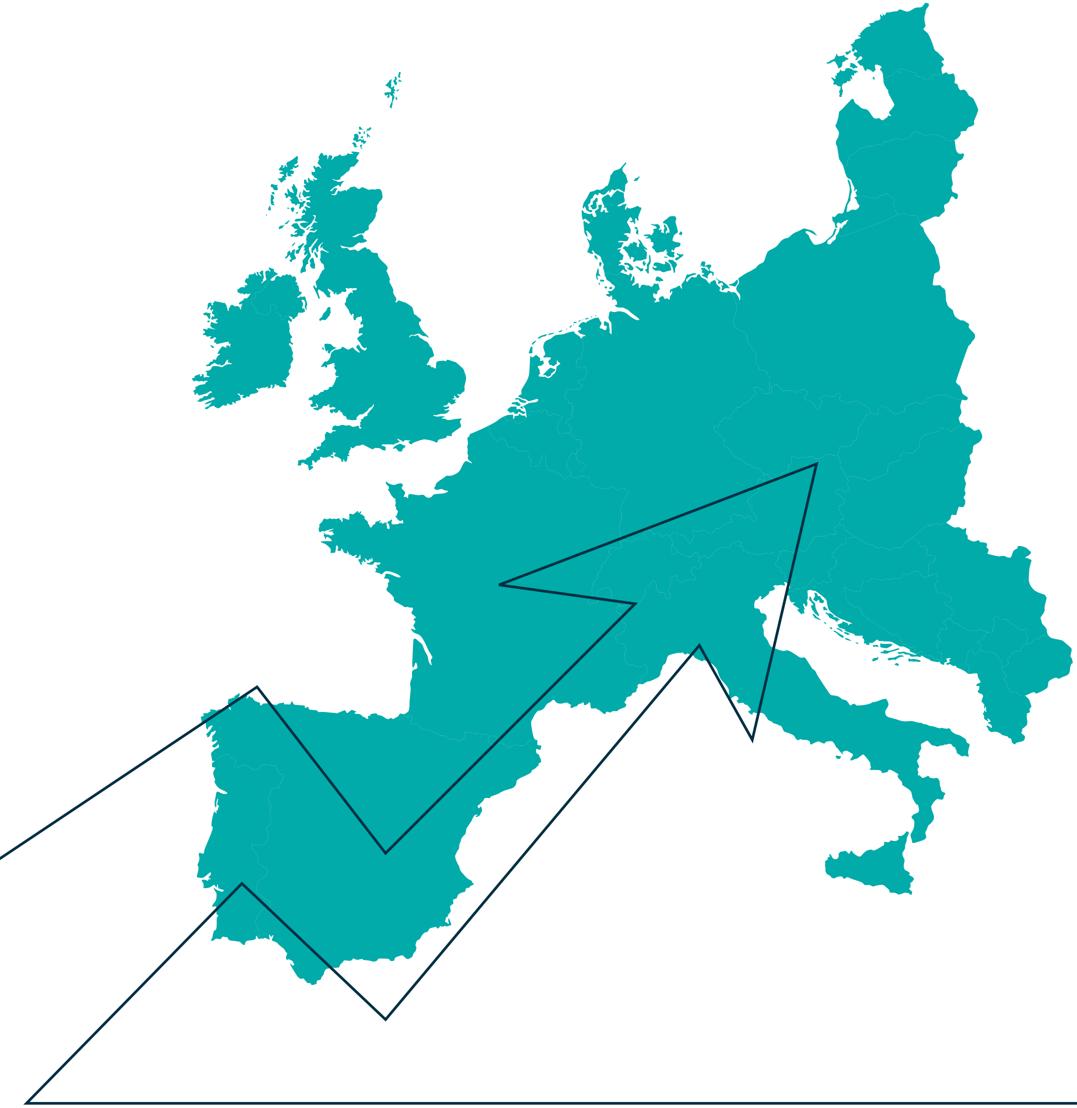
For businesses wishing to explore opportunities in the UK, Northern Ireland's dual status in both the UK and EU Single Market for goods makes the region very appealing in terms of foreign direct investment, particularly in the manufacturing and distribution sectors.

Foreign direct investment has remained strong in the region since 2016 with the number of businesses operating in Northern Ireland increasing year on year. 6,000 more companies are now registered in the country today than in 2016.

"In 7.5 years in this job I have never encountered such a level of interest in Northern Ireland as an investment location for manufacturing. Whilst these projects are still at an early stage, if we iron out the issues with the Protocol and land even some of them then they would be transformative to our economy. Two factors are consistent across all these opportunities – market and regulatory access. Uniquely, goods made in NI can freely circulate in the EU's market and have unfettered access into Britain. Goods made in Britain, Ireland, the rest of the EU or anywhere else in the world do not have this right and that is attractive to firms in Great Britain, Ireland and globally."

Stephen Kelly, CEO Manufacturing NI





ACCESS TO GREAT BRITAIN AND EU MARKETS

- Unfettered access to Great Britain for qualifying goods meaning no customs duties or formalities
- Unfettered access to EU for goods meaning no customs checks, processes, or duties
- To protect the EU's Single Market and Customs Union, customs and regulatory processes must be completed for most goods moving from Great Britain to Northern Ireland. The Trader Support Service supports businesses in completing these processes
- Northern Ireland maintains regulatory alignment on goods with the EU
- Northern Ireland remains in the UK Customs Territory and can access UK Trade Agreements
- The Common Travel Area remains in place between the UK and Ireland meaning Irish citizens can work freely in Northern Ireland

"The Protocol represents a major strategic advantage for e-commerce companies located in Northern Ireland and this is showing up in our data. IRP believes Northern Ireland should capitalise on this e-commerce opportunity to benefit from and ultimately outlast any trading arrangements."

Dan Loughlin, CEO, IRP Commerce

REASONS TO ESTABLISH A BUSINESS IN NORTHERN IRELAND

1,100 international companies based in Northern Ireland employing 100,000 people

70% of new investors reinvest in the region

Access to EU and UK markets and experienced importers and exporters ready to develop new trade partnerships

The services sector accounts for around half of economic activity in Northern Ireland

Access to a highly educated, skilled and young workforce

A pro-business environment with a stable regulatory system

Lower operating costs than the rest of the UK

A competitive tax system

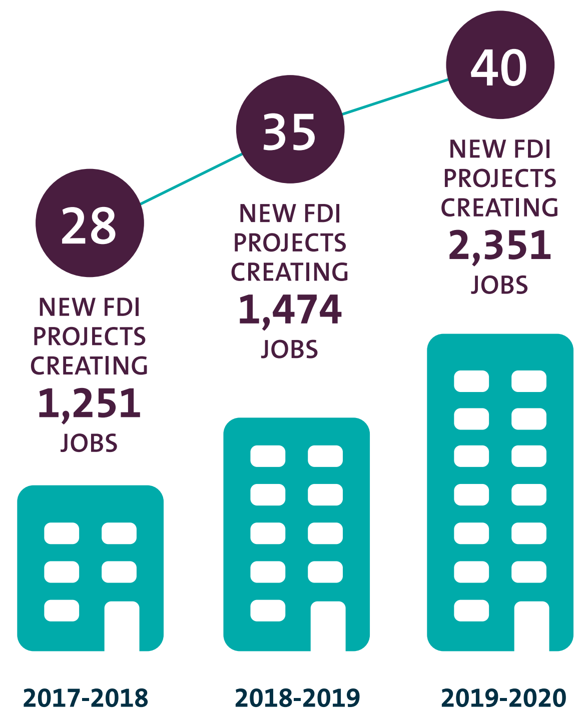
Access to high fibre broadband at a competitive cost

Strong track record in research and innovation

Commitment towards developing a greener economy

STRONG FDI

INCREASING NUMBER OF FDI PROJECTS CREATING JOBS



Source: Department for International Trade Inward Investment Results 2019-2020

INVEST NI: SUPPORTING BUSINESS

Invest NI is the regional business development agency, and its role is to grow the local economy by assisting new and existing businesses to compete internationally, and by attracting new investment to Northern Ireland. As an agency for the Department for the Economy, the organisation provides strong government support for business by delivering the government's economic development strategies.

Invest NI has several supports to help business in Northern Ireland to compete and function across a wide variety of areas.

Financial incentives are available to help with recruitment and training, research and development and are all tailored to the needs of investing companies.
Invest NI's "Access to Finance" package provides almost £150 million in finance to SMEs across both debt and equity markets. There is also funding for innovation and R&D to help create new products, processes, and services as well as funding for start-ups with export potential.

Invest NI also offer support and advice to businesses looking to develop products and services, developing strategy as well as providing a package of support to help start-up businesses.

"Northern Ireland is an attractive investment location, with a strong pool of talent, good infrastructure, the competitive cost of doing business and a high-quality standard of living. In recent years, our inward investment performance demonstrates the confidence international companies continue to have in Northern Ireland and what we can offer. Following EU Exit, dual market access from a Northern Ireland base may present an opportunity to further augment an already compelling investment proposition to international investors. For those seeking information on market access, a fact sheet is available on our website (www.investni.com)."

PLANNING FOR AN INNOVATIVE FUTURE

Northern Ireland has a proud history of attracting innovators and creators. To enhance the region as a significant destination for innovation and facilitate investment opportunities, a number of visionary plans and programmes have been developed.

10X Economy: An Economic Vision for a decade of innovation

This economic visionary plan for Northern Ireland launched in May 2021 and outlines steps the Department for the Economy in Northern Ireland will take to enhance the region's attractiveness as a place to do business. Ten guiding principles underpin the vision which include supporting a greener economy, increasing innovation, being a global leader in new and emerging technologies, and most importantly delivering improved outcomes for all stakeholders.
The plan will focus on priority clusters where Northern Ireland can be a global leader and a future generation of workers will be inspired and prepared to respond flexibly to future skills requirements.

The Belfast Region City Deal

The Belfast Region City Deal comprises Belfast City Council, five local councils, university and regional colleges and aims to invest in infrastructure, employability and skills and attract investment to the region particularly in sectors such as life and health sciences, digital and creative industries and advanced manufacturing. The UK government will invest £350 million into the Belfast Region with a further investment of more than £150 million from Belfast Region City Deal partners. The Northern Ireland Executive will also contribute £350 million in funding.

Innovation City Belfast

This new partnership which brings together Invest NI, Belfast City Council, Belfast Harbour, Catalyst, Queen's University and Ulster University, aims to build on Belfast's foundations as a city of creators and inventors and establish it as a globally significant destination for innovation. The partnership will, among other initiatives,, establish an Innovation District to support and grow SMEs, and will work with industry and academia to build a skilled workforce to meet the demands of the digital economy. Innovation City Belfast will seek to maximise the impact of the £1 billion Belfast Region City Deal which will invest £230 million in University research centres and £120 million in digital innovation.

WORLD-CLASS RESEARCH CENTRES OF EXCELLENCE

Northern Ireland is home to a number of centres of excellence including:

- **Northern Ireland Advanced Composites & Engineering Centre** brings together engineering companies and knowledge providers to work on projects to develop technical expertise and support innovation and product development.
- **Northern Ireland Technology Centre**. Linked with Queen's University Belfast, the centre bridges the gap between academic research and commercial production to meet the needs of industry and offer advanced solutions for customers in sectors such as aerospace, energy, consumer products, industrial equipment, manufacturing and packaging.
- **Centre for Competitiveness** helps build sustainable competitive advantage by creating a culture of innovation and productivity . The centre provides specific advice and support to guide businesses to sustainable growth. The Centre maintains strong links with research bodies, top business and management schools – such as the European Foundation for Quality Management, the Global Federation of Competitiveness Councils, Smart Grid Ireland and the China Outbound Tourism Research Institute.
- **Polymer Processing Research Centre** was established in 1996 to conduct and support leading edge, industrially exploitable, fundamental and applied R&D to improve industrial competitiveness. Research in various aspects of polymers, including their processing, has been carried out in the School of Mechanical & Aerospace Engineering at Queen's University Belfast for over 25 years.

Catalyst - is at the epicentre of Northern Ireland's tech sector and creates an environment that provides focus and support for knowledge-based entrepreneurs, investors, and global corporations. It builds a connected innovation community in an entrepreneurial ecosystem throughout Northern Ireland with 900 engaging entrepreneurs and 570 business experts and mentors.

"The last 12 months have proven to be very challenging for many businesses in Northern Ireland. However, the knowledge-based sectors have weathered the storm with most showing growth in this Covid and post-Brexit period. We remain optimistic that the future in these sectors remains strong supported by a focus by NI Executive on innovation and skills and the Innovation City Belfast announcement to support the development of 3 clusters, Innovation District, Smart Port and Smart Hub areas in Belfast. These initiatives can only further strengthen these sectors in the post Brexit environment and whatever restrictions that may continue in the Covid period."

Philip Maguire, Catalyst

THE NORTHERN IRELAND ADVANTAGE

POPULATION:
1.89 MILLION

YOUNG POPULATION:
61% UNDER AGE OF 44

LOCATION

Located between mainland Europe and the United States, Northern Ireland is ideally situated for access to key markets across Great Britain, Ireland, Europe, and the United States. Northern Ireland operates in the same time zone and regulatory environment as the rest of the UK.

For companies looking to serve both the UK and EU markets, Northern Ireland is the ideal location. A comprehensive network of air and sea routes provides fast and efficient access to Europe and further afield. Dublin is two hours by road and rail from Belfast while London is a one-hour flight away.

The region has three airports - Belfast International Airport, George Best Belfast City Airport, City of Derry Airport offering flights between Ireland, the UK and beyond and dealing with over seven million passengers per year.

Northern Ireland also has five commercial ports in Belfast, Larne, Londonderry, Warrenpoint and Coleraine.

EDUCATION AND UNIVERSITIES

Northern Ireland has a highly educated population with over 77 per cent of school leavers going to further and higher education. The proportion of working age adults with a degree has tripled since the late 1990s[2]. Northern Ireland's Universities are internationally renowned and have been key drivers in cultivating the region's technology and knowledge industries.

Queen's University Belfast and Ulster University have globally recognised research centres in a variety of disciplines, and both have a solid record of accomplishment in terms of commercialisation of research and in spinning-off successful businesses. Queen's University Belfast is the UK's leading university for intellectual property commercialisation. The Open University offers flexible distance learning across Northern Ireland. Northern Ireland also has a network of regional colleges providing professional and technical programmes. The largest, Belfast Met College has developed a new curriculum which is constantly adapted to meet the skill demands of the economy.

TALENT AND SKILLS

Northern Ireland's young population provides a steady stream of well-educated people for knowledge-based companies.

The workforce in Northern Ireland has a strong work ethic, is highly skilled and adaptable as evidenced by the fact that R&D roles across the country have doubled since 2010.

Northern Ireland has the highest percentage of qualified IT professionals in the UK, which also demonstrates our ambition to shape the industries of the future – in fact, one in 11 people in Northern Ireland is employed in the knowledge economy today.

2 Source: Northern Ireland Statistics and Research Agency

STRONG DIGITAL INFRASTRUCTURE

Northern Ireland has a strong and well-established communications infrastructure, and the region benefits from international connectivity at a very competitive cost.

Northern Ireland was the first region in Europe to achieve 100% broadband coverage and is the number one location in the UK and Ireland for ultrafast full fibre broadband, with 46% of premises across the country able to connect to a full fibre network- more than treble the UK average.[3] A target has been set to increase this to 100% by 2025.

There is a 100 gigabyte per second telecoms link between Northern Ireland, Europe, and North America, with Northern Ireland having gigabit-capable broadband offering download speeds of up to 1 Gbit/s which is much faster than the UK's current average broadband speed of 72 Mbit/s.

All of this has enabled people to work remotely with ultrafast broadband speeds. The highly deregulated telecoms industry also ensures a competitive market.

3 Source: NI Full Fibre Broadband Boosting Economic Recovery Report – Ulster University Economic Policy Centre

PRO-BUSINESS ENVIRONMENT

The current rate of corporation tax in Northern Ireland is 19% which is second lowest in Western Europe. Operating costs for businesses in Northern Ireland are up to 30% lower than other locations in the UK and Europe. Through the Patent Box tax regime, an effective Corporation Tax rate of 10% applies. Through R&D Tax Credits, for every £1 spent on R&D the real cost to companies can be 57p. Operating costs are on average 20% - 30% lower than in the rest of the United Kingdom, and Belfast is considered by many to be one of the most business friendly cities of its size.

INTERNATIONAL BUSINESS SERVICES

Internationally renowned as a low risk, cost-competitive location, Northern Ireland offers high quality, skilled workforce with proven experience in delivering services to UK, European and US clients.

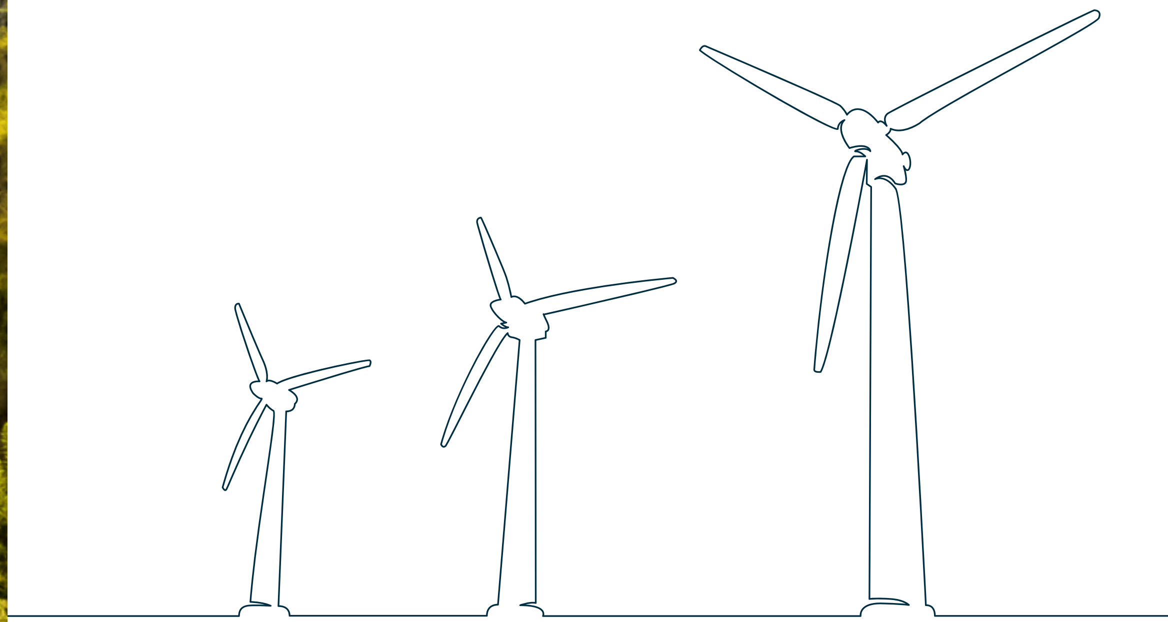
Deloitte and PwC's Belfast centres are their largest centres in the UK outside of London. KPMG, EY, BDO and Grant Thornton also operate in the region.
A network of home-grown and international businesses has now formed around the finance sector, with companies including Datactics, Funds-Axis, FSCom, Kx Systems and FinTrU all working in global banking, asset management and payments on Northern Irish soil.

ENVIRONMENT

Northern Ireland is fortunate to have an unspoilt environment, clean air, good quality water and green and blue spaces, with opportunities for outdoor recreation. Almost half of Northern Ireland's electricity consumption is from renewable sources with the majority generated by wind.

The UK Climate Change Act commits the UK to reducing emissions by 100 per cent by 2050 from 1990 baseline levels. Since the base year (1990), Northern Ireland's total greenhouse gas emissions have decreased by 18 per cent from 24.3 to 20.0 million tonnes of carbon dioxide equivalent (MtCO2e).

Northern Ireland is home to the UK's first bespoke offshore wind installation and assembly terminal and can boast the best location as a deep water non-tidal logistics base to service offshore energy projects in the Irish and Atlantic Seas.



NORTHERN IRELAND: A GREAT PLACE TO WORK AND LIVE

LIVING IN NORTHERN IRELAND

Northern Ireland has a first-rate environment for living as well as for doing business. Northern Ireland benefits from a superb education system, a good healthcare service and an affordable property market. Living costs in Northern Ireland tend to be lower than those in London and in Dublin. An efficient public transport attracts visitors to a magnificent unspoilt environment along with a rich culture and lively social scene.

Northern Ireland offers:

- Stunning scenery
- Historical landmarks
- Excellent education system
- Affordable housing
- Efficient public transport
- Friendly people
- World-class healthcare
- Fabulous beaches
- Fine restaurants, theatres, galleries, arts, and entertainment centres
- Walking trails fishing, water sports and scenic golf courses

NORTHERN IRELAND ON THE WORLD STAGE

1 in 5

of the world's computer hard drives have parts made in Northern Ireland

30%

of the world's airline seats are made in Northern Ireland

40% of the world's mobile crushing and screening equipment is made in Northern Ireland

Bushmills Distillery in Co Antrim is the oldest licensed whiskey distillery in the world

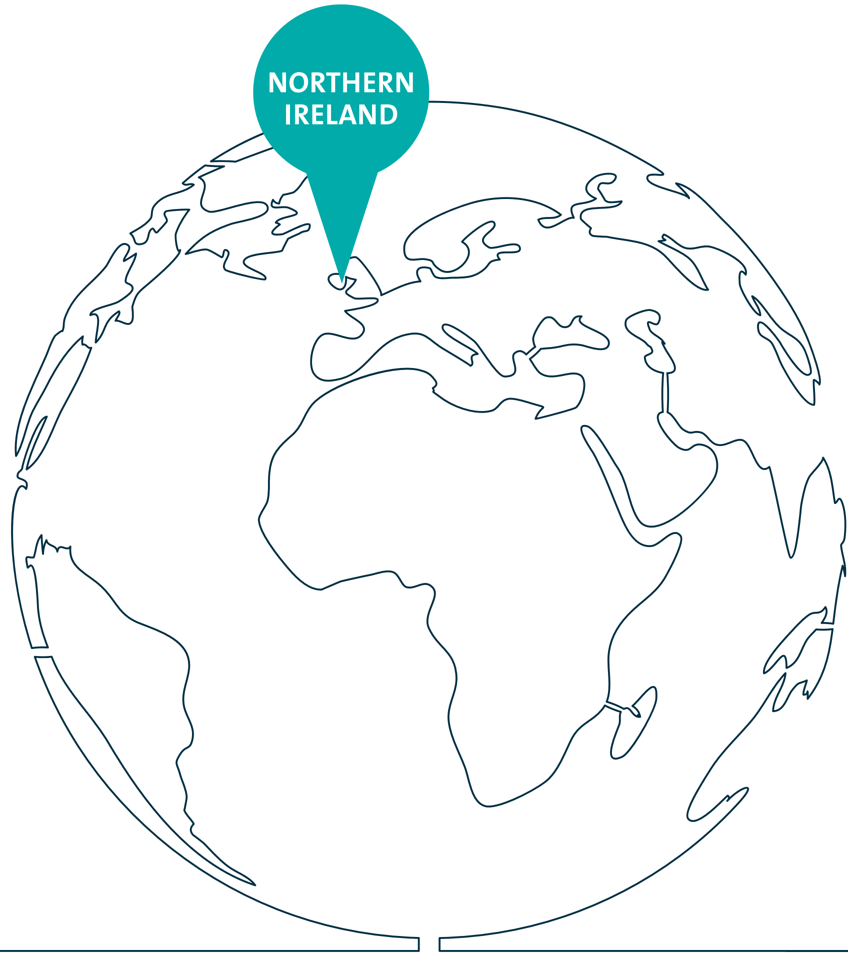
Queen's University is in the top 1% of universities in the world

10%

of the global FX market flows through Belfast every day ($500 Billion)

10%

of all cholesterol tests worldwide are made by Randox in Northern Ireland



BUSINESS STRUCTURES

Many start-up businesses in Northern Ireland operate through a company or a branch. Northern Ireland companies are registered with Companies House and can be formed having public or private status, and with limited or unlimited liability.

Limited company

Most companies operating in Northern Ireland are private limited companies. A limited company is one where the liability of its members is limited by the company's constitution (Memorandum and Articles of Association), by shares or guarantee. Such companies must have at least one shareholder, which may be an individual or corporate entity, along with a minimum of one director in most cases. A public limited company requires a secretary.

Unlimited company

Unlike a limited company, an unlimited company has no limit on the liability of the members. Therefore, the personal assets of the shareholders may be at risk.

Foreign companies

A foreign company (those incorporated outside of the UK) with a physical presence in the UK, such as a branch and a place of business (known as a UK Establishment) must also register with Companies House.

Partnership

A partnership is an association of two or more persons wishing to carry on business in common, normally sharing both in management and profits in accordance with a written agreement.

A partnership is not a separate legal entity, and the liability of the partners may be unlimited. However, it is possible to create a partnership in which some members have limited liability for the debts of the firm under one of the following frameworks:

Limited partnerships

A limited partnership must consist of one or more general partners, who are liable for all the debts and obligations of the firm, and one or more limited partners, who contribute money as capital or property. Generally, limited partners are not liable for the debts and obligations of the firm beyond the amount contributed. Limited partners cannot take part in management, have power to bind the firm, or draw out or receive back any part of their contribution to the partnership during its lifetime. A limited partnership must be registered with Companies House.

Limited Liability Partnerships (LLPs)

A Limited Liability Partnership (LLP) is, like a limited company, a separate legal entity conferring limited liability on its members. An LLP must have at least two designated members who have extra responsibilities to those applying to ordinary members. These extra responsibilities include keeping accounting records, preparing, and filing annual accounts and, if necessary, appointing an auditor.

WHAT ARE THE FILING REQUIREMENTS IN NORTHERN IRELAND?

Northern Irish companies are required to file a Confirmation Statement (previously called an Annual Return) with the Companies House at least once every twelve months. This contains details of the company's directors, secretary, registered office, the address where records are kept, shareholders and share capital. Changes to the directors, secretary, registered office, and the address where records are kept must be separately notified to Companies House.

Private Limited and **Public Companies** are required to deliver annual accounts and, where relevant, auditors' reports, to Companies House within nine months and six months respectively after their accounting reference date.

Unlimited companies are generally not required to deliver accounts to Companies House unless, at any time during the period covered by the accounts, the company was a subsidiary or parent of a limited undertaking, a banking or insurance company (or the parent of either) or it was effectively under the control of a limited company.

Companies that qualify for the **Small Companies Regime** or the **Micro-Entities Regime** are permitted to omit the company's profit and loss account and related notes from filed accounts. Micro-entity or small companies with audit exemption may be able to file accounts using the Company accounts and tax online (CATO) service. This allows accounts data to be entered once and submitted to both Companies House and HMRC.

Public companies and certain financial services companies cannot qualify as small companies or micro-entities.

Parent undertakings are required to prepare consolidated group accounts and deliver them to Companies House. A parent company which qualifies as small need not prepare group accounts if the group is small and is not otherwise ineligible for this exemption.

Foreign companies
If a foreign company is registering its first UK establishment, it must deliver to Companies House the relevant registration form and fee, along with a certified copy of the company's constitutional documents and, if it is required to prepare and deliver accounts under parent law (the law of its country of incorporation), a copy of its latest accounts. In most cases foreign companies are required to send accounting documents to Companies House.

Partnerships
Partnerships generally don't have to file an annual return or accounts. However, 'qualifying partnerships' subject to the Partnership (Accounts) Regulations 2008 (e.g., those where all the partners or, in the case of a limited partnership, all the general partners are limited companies) are obliged to file accounts with Companies House. Companies which are members of 'qualifying partnerships' are required to prepare and attach accounts of the partnership to their own accounts. The accounts must conform to the requirements of the Companies Act 2006 and related regulations. Limited Partnerships must register with the Companies House in any case.

Limited Liability Partnerships (LLPs) are subject to similar requirements to file annual returns and accounts with Companies House as limited companies.

WHAT ARE THE AUDIT REQUIREMENTS IN NORTHERN IRELAND?

Northern Irish companies may require an audit by an independent auditor. The auditor must make a report to the company's members on the annual financial statements stating whether, in the auditor's opinion, the financial statements give a true and fair view of the company's state of affairs at the year-end and of its profit or loss for the year, and whether they have been properly prepared in accordance with the relevant financial reporting framework and the Companies Act 2006.

A private limited company may claim exemption for the requirement for an audit, if it qualifies as being small by satisfying two or more of the following conditions:

- Turnover not more than £10.2m
- Balance Sheet total not more than £5.1m
- 50 or fewer employees on average

However, an audit is still required if a member or members holding at least 10% of the nominal value of issued share capital or holding 10% of any class of shares demands it; or - in the case of a company limited by guarantee - 10% of its members in number.

Public companies, authorised insurance companies, banking companies and certain other categories of company are not eligible for the Small Companies Regime and therefore are not eligible for audit exemption.

'Qualifying partnerships' subject to the Partnership (Accounts) Regulations 2008 (see above) must produce audited accounts as if it were a limited company. The accounts must conform to the requirements of the Companies Act 2006 and related regulations.

LLPs are subject to the same auditing requirements as limited companies.

Every company must prepare accounts that report on the performance and activities of the company during its financial year.

WHAT ARE THE FINANCIAL REPORTING REQUIREMENTS IN NORTHERN IRELAND?

Every company must prepare accounts that report on the performance and activities of the company during its financial year, which ends on its accounting reference date.

The financial statements of most companies in Northern Ireland may be prepared in accordance with either:

(a) UK adopted International Financial Reporting Standards (IFRS) as adopted by the UK replaced its EU counterpart on 1 January 2021.

Northern Irish companies with their securities admitted to trading on a UK regulated market will need to comply with UK-adopted IFRS.

(b) The Companies Act 2006.

Financial statements prepared in accordance with the Companies Act must comply with the Financial Reporting Standards issued by the Financial Reporting Council (FRC). In practice, most companies prepare their financial statements under FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Companies which qualify as 'Small Companies' (defined in relation to turnover, balance sheet total and employee numbers) can avail of reduced disclosures.

Companies that qualify as 'Micro-Entities' (also defined in relation to turnover, balance sheet total and employee numbers) may prepare their financial statements in accordance with a more simplified standard, FRS 105 'The Financial Reporting Standard applicable to the Micro-entities Regime'.

COMPETITIVE TAX SYSTEM

- As part of the UK, Northern Ireland shares a stable, well developed, and **competitive tax system** which has the mechanisms to support long term growth and development
- **Low corporation tax rate** which has the potential to reduce to 12.5%
- **Double tax agreements** with 148 countries
- An attractive **R&D tax relief regime** which allows additional tax deductions for expenditure on research and development
- **Patent box** – special 10% rate of corporation tax for certain profits from qualifying patents
- Substantial shareholdings **exemption on disposals of subsidiaries** by Northern Ireland holding companies
- Generous **income tax and capital gains tax incentives** and reliefs for entrepreneurial and philanthropic investments

HOW COMPANIES IN NORTHERN IRELAND ARE TAXED

CORPORATION TAX

A company that is tax resident in the UK is liable to UK corporation tax on all profits (income and/or gains), wherever arising with double taxation relief potentially available for any foreign income and/or gains doubly taxed. There is no separate concept of tax residence specific to Northern Ireland (NI).

A UK/NI tax resident company can irrevocably elect to exempt its foreign branches from UK corporation tax. Such branches can still fall foul of the UK's controlled foreign company legislation.

Non-UK resident companies are liable to corporation tax on profits generated by a UK/NI branch or agency (including gains on assets situated in the UK/NI used for the purposes of that trade) and on profits of UK/NI property businesses. They are also subject to UK corporation tax on direct and indirect disposals of UK land/property.

Non-resident companies may be subject to UK income tax at basic rate (currently 20%) on other UK/NI source income.

Rates of corporation tax

- 19% rate for FY 2021 and FY 2022
- From 1 April 2023, the 19% rate will increase to 25% on taxable profits over £250,000
- For businesses with taxable profits between £50,000 and £250,000, there will be a tapered relief so that the top rate of 25% will not apply
- From 1 April 2023, the 19% rate only applies to businesses with taxable profits up to £50,000
- The £50,000 and £250,000 limits are each reduced by the number of associated companies (broadly, this means companies under common control)
- A 10% rate of corporation tax may be available on qualifying profits from qualifying intellectual property profits including patents

UK tax legislation also contains rules which provide relief for different types of losses of companies in addition to group relief and consortium relief.

The rate of corporation tax is 19% for financial years 2021 and 2022.

The corporation tax regime
Following a long campaign to secure corporation tax devolution to the NI Assembly, the Corporation Tax (Northern Ireland Act) 2015 was legislated for. The legislation contains details of a special regime for NI corporation tax ("NICT"). However, the legislation is subject to a "switching on" mechanism predicated on the NI Executive demonstrating that its finances are on a sustainable footing for the long term. This includes successfully implementing measures in the Stormont House Agreement, the Fresh Start Agreement and subsequent reform measures. The legislation, if switched on, will give certain NI companies access to a 12.5% rate of corporation tax for certain trading profits.

Companies must either meet the NICT regime test for SMEs or alternatively companies who do not meet the SME test can qualify instead if they have a NI regional establishment (broadly like a NI permanent establishment). The legislation is complex and contains special provisions in respect of capital allowances, losses, intangibles, and other corporation tax reliefs.

At the time of writing, this legislation remains unused. Following the March 2021 Budget announcement that the UK rate of corporation tax will increase to 25% from 1 April 2023, the NI Finance Minister established a Fiscal Commission to conduct an examination of the fiscal powers of the NI Assembly. Part of the Commission's remit will also be to examine if a reduction in the rate of corporation tax in NI can be implemented.

Tax residency for companies
Liability to corporation tax in the UK/NI is primarily based on the concept of UK tax residence.

A company is considered UK tax resident if it is incorporated in the UK. If the company is not incorporated in the UK, it can still be deemed UK resident if it is centrally managed and controlled from the UK. The place of central management and control is determined by several factors which include the location of directors' meetings, where negotiation of major contracts is undertaken, where shareholders' meetings are held and where the majority of directors reside.

If a company is UK resident under either the incorporation test or central management and control test but it is also resident in the country of a treaty partner (i.e., the company has dual tax residence), the terms of any company residence tie-breaker clause in the relevant double taxation treaty must be considered to determine where the company is resident for tax purposes.

Anti-avoidance legislation
UK tax legislation prevents the avoidance of corporation tax by pricing goods at an artificial level to achieve profits in countries with lower rates of taxation. Accordingly, transactions (such as management charges, royalty payments, corporate intangibles (e.g. patents) and loans) between two parties who are under common control or who control one another are treated as transactions taking place at 'market value.' Transactions between UK companies are also caught by the UK's transfer pricing legislation. However an exemption is available for companies classed as SMEs under transfer pricing legislation.

The UK also operates disclosure and anti-avoidance provisions in relation to controlled foreign companies. The rules are based on the principle that overseas activities are not taxed in the UK unless there is an artificial reduction of the UK tax base. These rules can also apply to foreign branches of UK companies.

Dividends received

The basic principle is that all dividends and other income distributions received by UK/NI companies are subject to corporation tax, regardless of the residence of the payer of the dividend.

However, due to a wide range of exemptions, in practice, both UK and non-UK dividends received by a company on or after 1 July 2009 are exempt from corporation tax.

Dividends paid

There is no withholding tax on payments of dividends by a UK/NI company. Dividends are not tax deductible in the calculation of tax profits.

Royalties

Payments for patent royalties are tax deductible. A company must deduct income tax at basic rate (currently 20%) on payments of patent royalties and other forms of annual royalty payments made to non-UK companies, individuals, and certain non-residents.

Interest

Interest on loans used for the company's trade is generally tax deductible. However, some restrictions are in place on the tax deductibility of interest, for example on loans used for non-trade purposes. A company must deduct income tax at basic rate (currently 20%) on payments of annual interest made to non-UK companies and individuals (irrespective of their residence).

A UK company also needs to be able to demonstrate that it is adequately capitalised to support a deduction for intragroup interest payable.

From 1 April 2017, the corporate interest restriction legislation can restrict the corporation tax deduction that a company receives on its interest and finance costs, irrespective of their purpose.

The legislation is extremely complex and specialist advice should be sought although there is a de minimis exemption for companies/groups with less than £2 million of UK net interest expenses.

Diverted Profits Tax

The Diverted Profits Tax ("DPT") applies to profits arising from 1 April 2015 and is focused on contrived arrangements designed to erode the UK tax base. Its primary aim is to ensure that the profits taxed in the UK fully reflect economic activity in the UK: this is consistent with the aims of the OECD's Base Erosion and Profit Shifting project.

Specifically, the DPT aims to deter and counteract the diversion of profits from the UK by large groups that either:

(i) seek to avoid creating a UK permanent establishment that would bring a foreign company into the charge to UK Corporation Tax; or

(ii) use arrangements or entities which lack economic substance to exploit tax mismatches either through expenditure or the diversion of income within the group.

The DPT is set at a higher rate than corporation tax to encourage those businesses with arrangements within the scope of DPT to change those arrangements and pay corporation tax on profits in line with economic activity. The DPT is primarily aimed at multinationals. The legislation is complex and requires advice by specialists.

Digital Services Tax
Digital services tax applies on the revenues of groups that provide a digital services activity which includes revenues from search engines, social media services and online marketplaces which derive value from UK users.

Where the revenues received in connection with the digital services activities exceed certain annual thresholds, the group must submit DST returns and may have to pay the DST.

The annual revenue thresholds are:
- £500m of worldwide revenue from the digital services activities; with
- £25m of these revenues attributable to UK users (UK digital services revenues)

The DST applies at a rate of 2% on UK digital services revenues above the annual allowance (the first £25m of UK digital services revenues).

The UK Government has confirmed that the DST is an interim measure that will be repealed once a global solution to the taxation of the digital economy has been agreed to at the OECD level. Current legislative drafting requires the UK government to review the DST by 2025.

Tax compliance
The UK operates a self-assessment system for the payment and filing of tax returns for companies and branches. In general, there is one corporation tax return filing requirement per accounting period with one payment of corporation tax for smaller companies and four payments of corporation tax for larger companies. Tax returns and payments for companies must be electronically filed online using iXBRL.

No earlier than 1 April 2026, companies will be expected to make quarterly returns of business information to HMRC, as part of the Making Tax Digital for business ("MTDfB") project.

For other businesses not within the charge to corporation tax, the mandating of quarterly returns under MTDfB commenced with VAT in April 2019. From 1 April 2022, businesses below the VAT registration threshold will also be required to satisfy the requirements of MTDfB for VAT.

From 1 April 2023, MTDfB is expected to commence for income tax. This includes self-employed individuals/certain partners and landlords. At the time of writing, only businesses and landlords with turnover less than £10,000 are completely exempt from MTDfB.

TAX INCENTIVES AVAILABLE FOR COMPANIES

CGT exemption on share disposals

UK corporation tax at the prevailing rate applies to gains arising on the disposal of shares. The UK operates a substantial shareholdings exemption ("SSE") which exempts gains/losses arising to a UK/NI based holding company on the disposal of certain shareholdings in another company. The exemption applies to shareholdings of at least 10% in trading companies or trading groups held for a continuous period of 12 months out of the previous six years prior to disposal, where certain conditions are met. There are no territorial limits on the shares being disposed of. In April 2017, the SSE legislation was reformed such that the vendor company is no longer required to be a trading company or the holding company of a trading group.

Research and development (R&D) tax relief

Certain companies incurring R&D expenditure of a specific nature are entitled to claim R&D tax relief. Companies that are small or medium-sized enterprises (or part of a small or medium sized group) are entitled to an enhanced deduction totalling 230% of qualifying R&D expenditure.

The company must have incurred qualifying R&D expenditure in the accounting period. Qualifying R&D expenditure is expenditure directly contributing to the R&D activity of the company. If the company claims R&D tax relief and incurs a trading loss, a payable R&D tax credit may be claimed, subject to certain conditions.

The patent box regime

The patent box regime enables companies to apply a lower 10% rate of corporation tax to profits earned from its patented inventions and certain other innovations. The regime is intended to give companies an incentive to protect and commercialise their patents. The patent box rules benefit a wide range of companies that receive patent royalties, sell patented products, or use patented processes as part of their business.

Extensive double-tax-treaty network

The UK has signed and fully ratified comprehensive double taxation agreements with 148 countries and is negotiating several new agreements. These agreements cover direct taxes, which in the case of the UK are income tax, corporation tax, inheritance tax and capital gains tax.

Where a double taxation agreement is not in place with a particular country, domestic UK tax law provides for unilateral relief against double taxation in respect of certain types of income.

As of April 2021, the UK had a current comprehensive double taxation treaty with 148 territories:

• Albania • Algeria • Anguilla • Antigua and Barbuda • Argentina • Armenia • Aruba •Australia • Austria • Azerbaijan • Bahrain • Bangladesh • Barbados • Belarus • Belgium • Belize • Bermuda • Bolivia • Bosnia-Herzegovina • Botswana • Brazil • British Virgin Islands • Brunei • Bulgaria • Cameroon • Canada • Cayman Islands • Chile • China • Colombia • Croatia • Cyprus • Czech Republic • Denmark • Egypt • Estonia • Ethiopia • Falkland Islands • Faroes • Fiji • Finland • France • Gambia • Georgia • Germany • Ghana • Gibraltar • Greece • Grenada • Guernsey • Guyana • Hong Kong • Hungary • Iceland • India • Indonesia •Iran • Ireland • Isle of Man • Israel • Italy • Ivory Coast • Jamaica • Japan • Jersey • Jordan • Kazakhstan • Kenya • Kiribati • Kosovo • Kuwait • Kyrgyzstan • Latvia • Lebanon • Lesotho • Liberia • Libya • Liechtenstein • Lithuania • Luxembourg • Macedonia • Malawi • Malaysia • Malta • Marshall Islands • Mauritius • Mexico • Moldova • Monaco • Mongolia • Montenegro • Montserrat • Morocco • Myanmar (Burma) • Namibia • Netherlands • Netherlands Antilles, • New Zealand • Nigeria • Norway • Oman • Pakistan • Panama • Papa New Guinea • Philippines • Poland • Portugal • Qatar • Romania • Russia • Saint Kitts & Nevis • Saudi Arabia • Senegal • Serbia • Sierra Leone • Singapore • Slovak Republic • Slovenia • Solomon Islands • South Africa • Spain • Sri Lanka • St Lucia • Sudan • Swaziland • Sweden • Switzerland • Taiwan • Tajikistan • Thailand • Trinidad and Tobago • Tunisia • Turkey • Turkmenistan • Turks and Caicos Islands • Tuvalu • Uganda • Ukraine • United Arab Emirates • Uruguay • USA • USSR • Uzbekistan • Venezuela • Vietnam • Zaire • Zambia • Zimbabwe

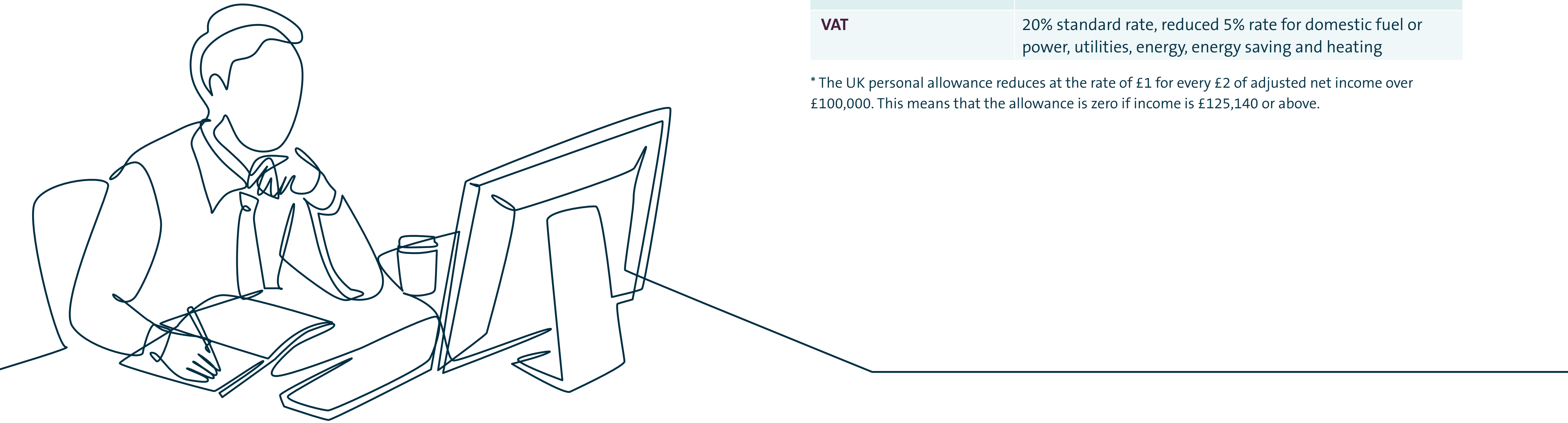
PERSONAL TAXES

Income tax

The UK's personal tax regime applies in Northern Ireland . A different regime operates in Scotland and Wales.

The income tax year runs from the 6 April in one year and ends on 5 April in the following year and individuals are taxed on their income that is more than a personal allowance. Employee income tax and social security are withheld by employers through the payroll system.

Income tax is payable on UK/NI source income and on income for services performed in the UK/NI. and is operated under a progressive tax system which applies tax at rates of 0%, (savings income only up to a defined limit), 20%, 40% and 45% depending on income levels. Where an indvidual is UK resident, they are also subject to UK tax on foreign income and foreign chargeable gains.



2021/2022	Rate
Personal allowance	£12,570
Income tax	20% - £0 to £37,700 40% -£37,701 - £150,000 45%- over £150,000
Social security (National Insurance Contribution)	Employee: 12% on earnings between £9,568 and £50,270 and 2% thereafter Employer: 13.8% above £8,840
Capital gains tax	10% and 20% rates for individuals for non-residential property 18% and 28% rates for individuals for residential property and carried interest 10% for gains qualifying for Business Asset Disposal Relief (formerly Entrerepreneurs' Relief)
Inheritance tax	0% up to £325,000 40% thereafter
VAT	20% standard rate, reduced 5% rate for domestic fuel or power, utilities, energy, energy saving and heating

* The UK personal allowance reduces at the rate of £1 for every £2 of adjusted net income over £100,000. This means that the allowance is zero if income is £125,140 or above.

Social security

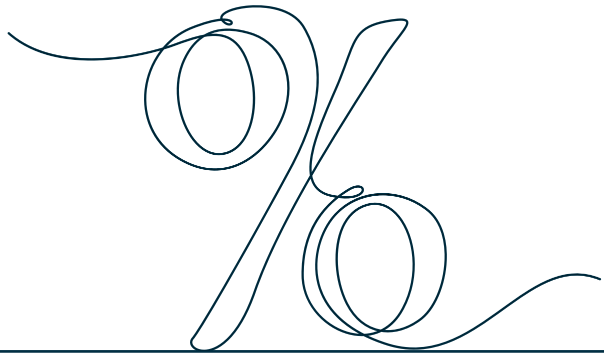
Employed persons are compulsorily insured under a state-administered scheme of National Insurance Contributions ("NICs"). Contributions are made by both the employee and the employer on all employment income including certain benefits in kind. The NIC contribution for employers is 13.8% of the salary payments (above the secondary threshold) and is deductible in the calculation of taxable profits.

No employer's NICs are payable for employees under the age of 21 or apprentices under the age of 25 on earnings up to the Upper Secondary Threshold.

The employee also pays NIC at a rate of 12% (on earnings between the primary threshold and the upper earnings limit) with 2% payable on amounts more than the upper earnings limit.

If an individual is employed by a company outside the UK/NI and is sent to work in a UK/NI business, the UK/NI business must act as their 'host employer' and deduct NICs in the normal way. However, there are exceptions that apply to certain types of employee and employees sent from countries with which the UK has a Reciprocal Agreement or Double Contribution Convention.

An employer must also check if a person has the right to work in the UK before they start working.



Effective tax rates for income tax and NIC can be summarised as follows in 2021/2022:

- A single individual earning a **salary of £30,000** will pay an effective rate of 20% in tax and national insurance
- A single individual earning a **salary of £55,000** will pay an effective rate of 26% in tax and national insurance
- A single individual earning a **salary of £200,000** will pay an effective rate of 41% in tax and national insurance

Further allowances

All individuals are entitled to a £2,000 tax free dividend allowance and a tax-free personal savings allowance of £1,000 is available to basic rate taxpayers with higher rate taxpayers entitled to £500. Individuals can also claim a £1,000 trading income allowance and a £1,000 property income allowance.

UK/NI tax residency for individuals

An individual's liability to UK tax depends on if they are UK tax resident. If an individual has been in the UK for 183 days or more in a tax year, they will be a UK resident. If an individual has been in the UK for less than 183 days in a tax year, they could still be a UK resident if they pass one of the other automatic UK tests within the Statutory Residence Test. The Statutory Residence Test considers the amount of time an individual spends and, where relevant, works in the UK and the connections the individual has with the UK.

If a person is tax resident in the UK, then they will be subject to UK tax on the arising basis on their worldwide income and gains, irrespective of where these are situated. Individuals not domiciled in the UK (and not deemed UK domiciled for income tax/capital gains tax) may be taxed differently, effectively limiting their UK tax liability to their UK source income and gains and foreign source income and gains which they bring to or use in the UK ('remittance basis').

The concept of 'deemed' UK domicile applies to any non-UK domiciled individual who, broadly, has been tax resident in the UK in at least 15 of the past 20 tax years or someone classed as formerly domiciled resident. Such individuals become 'deemed' UK domiciled for income tax/CGT purposes and thus do not have access to the remittance basis.

Taxation of foreign workers in NI

A foreign executive coming to work in NI will be tax resident in NI if he/she meets one of the automatic UK tests or the sufficient ties test. A foreign executive who is resident in NI is usually taxed on all earnings on an arising basis wherever the duties are carried out.

However, if he/she is non-UK domiciled (and not 'deemed' UK domiciled) then overseas earnings are only taxable if remitted to the UK/NI, if the conditions for overseas workday relief are met. An individual who is not UK resident is taxed on his/her general earnings in respect of UK duties only. There is no UK income tax on foreign earnings.

Usually, UK tax is payable on employments exercised in the UK/NI even where the employment is under a foreign contract of employment. However, double taxation relief may be available if the individual is UK resident where income is taxed in two countries via either unilateral relief, credit relief or expenses/deduction relief.

Capital gains tax

Capital gains tax ("CGT") is chargeable on gains arising from the disposal of chargeable assets. Most forms of property including an interest in property (for example, a lease) are chargeable assets for CGT purposes. Cash is not a chargeable asset.

Individuals who are resident in the UK are liable to CGT on the arising basis which means their worldwide gains on all assets are subject to UK CGT. Non-UK domiciled individuals who are UK deemed domiciled for income tax/CGT purposes are also taxed on the arising basis unless they are automatically entitled to the remittance basis (which applies to remitted foreign income/gains only) or the remittance basis is claimed.

Basic rate taxpayers are subject to CGT on chargeable gains at 10% and higher/additional rate taxpayers at a rate of 20%. Gains on residential properties and carried interest are taxed at 18% and 28% for basic rate and higher/additional rate taxpayers, respectively.

CGT reliefs

Business Asset Disposal Relief (formerly known as Entrepreneurs' relief) is available in respect of certain disposals of business interests, and this reduces the rate of capital gains tax to 10% on lifetime qualifying gains of up to £1 million.

Investors' relief is available for individuals who invest in unlisted trading companies where the shares are new shares issued on or after 17 March 2016 and the shares are held for a minimum three-year period from 6 April 2016. This relief also reduces the rate of CGT to 10% on lifetime qualifying gains of up to £10 million.

CGT at the relevant rate is payable on ***gains made by non-residents*** directly disposing of UK land or property. Non-residents making a gain on an indirect disposal of UK land or property are subject to CGT at 10% or 20%.

Equity investments in certain companies also may avail of generous income tax and capital gains tax relief for the investor under the ***Enterprise Investment Scheme***, the ***Seed Enterprise Investment Scheme*** and ***Venture Capital Trust Scheme***.

Individuals get an ***annual tax-free allowance***, known as the Annual Exempt Amount (AEA) if they are liable to CGT every tax year unless they are non-domiciled in the UK and have claimed the remittance basis of taxation for foreign incomes and gains. For 2021/2022 tax year, the AEA is £12,300.

Stamp taxes

Stamp duty is payable by the purchaser on the transfer of most forms of property where such a transfer is executed under a legal document.

- Transactions in UK shares may be subject to stamp duty or stamp duty reserve tax; and
- Transactions in English or Northern Irish land and property, including new and existing leases are subject to stamp duty land tax.

Different stamp taxes regimes exist in Scotland and Wales.

The total stamp duty/stamp duty reserve tax/stamp duty land tax liability depends on the type of transaction and the value given as consideration.

Transfers of stocks and shares are subject to stamp duty of 0.5% where the consideration given is £1,000 or more. Stamp duty reserve tax (SDRT") is chargeable at a rate of 0.5% on paperless transactions for the acquisition of stocks and shares.

Relief from stamp duty/stamp duty land tax is available on transfers of shares/properties between group companies (75% common shareholding) and on transfers of shares and assets under reconstructions and acquisitions where certain conditions are fulfilled. These reliefs are also subject to anti-avoidance clawback provisions where certain events happen within a three-year period.

Annual tax on enveloped dwellings

The annual tax on enveloped dwellings (“ATED”) is an annual tax payable by companies and other corporate bodies that own UK residential property valued at over £500,000. The ATED is calculated based on the value of the property and is payable each year. Several reliefs and exemptions are available from the ATED.

Inheritance tax

Inheritance tax (“IHT”) is charged on a worldwide basis on UK domiciled or deemed UK domicile d for IHT individuals, including executors and trustees, on death and on certain chargeable lifetime transfers. Non-UK domiciled individuals who are not deemed UK domiciled for IHT are only subject to UK IHT on UK situs assets or on certain other assets including UK residential property owned indirectly by them.

The rate of inheritance tax on death is 40%. A 36% rate is available where 10% or more of the net estate is left to charity. Inheritance tax is not payable on estates or lifetime gifts valued at less than the nil rate band, which is currently £325,000. A residence nil rate band is also available where a residence is left to a direct descendant on death.

There are a number of reliefs and exemptions that can apply to reduce and/or eliminate inheritance tax. Agricultural property relief can provide 100% or 50% relief on the agricultural value of certain agricultural assets. Business property relief can provide 100% relief for certain qualifying assets which includes any level of shareholding in certain unquoted trading companies. 50% relief is available for certain other asset categories. Both reliefs are potentially available in lifetime or on death.

Value Added Tax

Value Added Tax (“VAT”) is a tax on consumer spending and is collected by VAT-registered traders on their supplies of goods and services within the UK to their customers. Generally, each trader in the chain of supply from manufacturer through to retailer charges VAT on his or her sales and is entitled to deduct from this amount the VAT paid on his or her purchases. For the final consumer, VAT simply forms part of the purchase price.

Following the departure of the UK from the EU and the obligations under the Protocol on Ireland / Northern Ireland, NI maintains alignment with the EU VAT rules for trade in goods. NI follows the UK VAT rules for trade in services and remains part of the UK’s VAT system. NI VAT registered businesses continue to submit one UK VAT return and have one UK VAT registration number.

VAT rates		
Standard rate	**20%**	Applies to most goods and services
Lower rate	**5%**	Applies to domestic fuel or power, utilities, energy, energy saving and heating
Zero rate	**0%**	Includes certain food and drink for human consumption, certain books and publications, children’s clothes, and footwear
Hospitality sector rate	**5%**	Applies until 30 September 2021
Hospitality sector rate	**12.5%**	Applies until 31 March 2022
Hospitality sector rate	**20%**	Applies from 1 April 2022

Thank you to everyone who contributed to the compilation of this publication.

Dublin Office
Chartered Accountants
House, 47-49 Pearse St,
Dublin 2, Ireland
Tel: +353 1 637 7200
Email: ca@charteredaccountants.ie

Belfast Office
The Linenhall
32-38 Linenhall Street, Belfast
Antrim BT2 8BG, United Kingdom
Tel: +44 28 9043 5840
Email: ca@charteredaccountants.ie

For comment on this paper, contact

Zara Duffy, Head of Northern Ireland, Chartered Accountants Ireland Tel: +44 28 9043 5844 Mob: +44 7715 220889 Email: zara.duffy@charteredaccountants.ie

Dr Brian Keegan, Director of Public Policy Tel: + 353 1 637 7347 Mob: +353 87 2347 329 Email: brian.keegan@charteredaccountants.ie

Cróna Clohisey, Public Policy Lead Tel: + 353 1 523 3964 Email: crona.clohisey@charteredaccountants.ie

charteredaccountants.ie