

Tax Exemption for Start Up Companies

To encourage the establishment of new companies the Government have announced their intention to introduce a three year exemption from taxation for start up companies.

Companies that qualify will be fully exempt from corporation tax on trading profits and chargeable gains on the disposal of certain assets used in the trade, where the total corporation tax does not exceed €40k p.a. Marginal relief will be available where the profits are between €40k and €60k p.a..

At the current rate of corporation tax (12.5%) this equates to €320K of profits per annum that can be sheltered or €960K over the three year period.

No relief is available if a company's corporation tax liability exceeds €60K.

Certain conditions must be met and there are certain excluded activities (land, petroleum and mineral activities and professional services companies). There are also anti-avoidance provisions to ensure that the company does not qualify for the relief if it takes over an existing trade.

The provisions will not come into operation until a Commencement Order has been issued.

- Advice in relation to whether this relief will apply to the circumstances envisaged,
- Incorporation of a new company (the company must be incorporated after 14 Oct 2008).
- Advice in relation to the company's tax obligations.
- Review of finance options available.
- Book-keeping and payroll services.