

Group Briefing
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Abolition of ESM stamp duty likely to further boost use of Irish holding companies for AIM/ESM listings

USE OF AN IRISH HOLDING COMPANY FOR AIM/ESM LISTINGS

Ireland continues to be a destination of choice for the establishment of regional, intermediate and top holding companies of both listed and private groups seeking to optimise their operational and fiscal performance. Ireland's continued popularity is due to a favourable corporate tax regime, status as an EU/OECD member, network of double taxation treaties and trade agreements, developed common law corporate legal system and a regulatory environment that assures investor protection.

The use of Irish incorporated, Irish resident holding companies is now likely to be further boosted by the recent abolition of stamp duty on trading in shares listed on the Irish Stock Exchange's Enterprise Securities Market (ESM) which is similar to the Alternative Investment Market (AIM) on the London Stock Exchange.

WHY CONSIDER AN IRISH HOLDING COMPANY?

- » Favourable (12.5%) Corporate Tax Rate
- » EU incorporation and EU resident
- » Developed corporate legal system (common law)
- » Regulatory environment designed to protect investors
- » Network of double taxation treaties and trade agreements
- » Access to dual-listing
- » No stamp duty for AIM/ESM listed companies

STAMP DUTY

Previously transfers of shares in an Irish incorporated company listed on AIM and ESM were subject to 1% stamp duty (shares in Irish companies that are listed in the US are often traded through DTC and therefore stamp duty on trades does not apply). As a result, companies listing their shares in the UK or Ireland have often used Irish tax resident, but foreign-incorporated companies (for example, Jersey), allowing them to access the benefit of the Irish holding company regime, while trading the shares without stamp duty applying. Stamp duty on the transfer of shares in Irish companies listed on the ESM was abolished with effect from 5 June 2017, bringing ESM into line with AIM, and facilitating the use of Irish incorporated companies for these structures.

WHAT IS THE ESM?

The ESM is the Irish Stock Exchange's market for growth companies. The ESM Rules are largely equivalent to the AIM Rules, as a result it is common for companies to be dual-listed on ESM and AIM allowing euro and sterling quotations. The listing regime on ESM may also be aligned with a listing under US Security Exchange Commission (SEC) requirements, facilitating a cost effective means to accessing the EU and US markets simultaneously. ESM permits financial statements prepared to a standard other than under IFRS (including US GAAP).

For further information please contact your usual Arthur Cox contact.