



THE ENTREPRENEUR

- SHOULD I STAY, OR SHOULD I GO?

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AGENDA

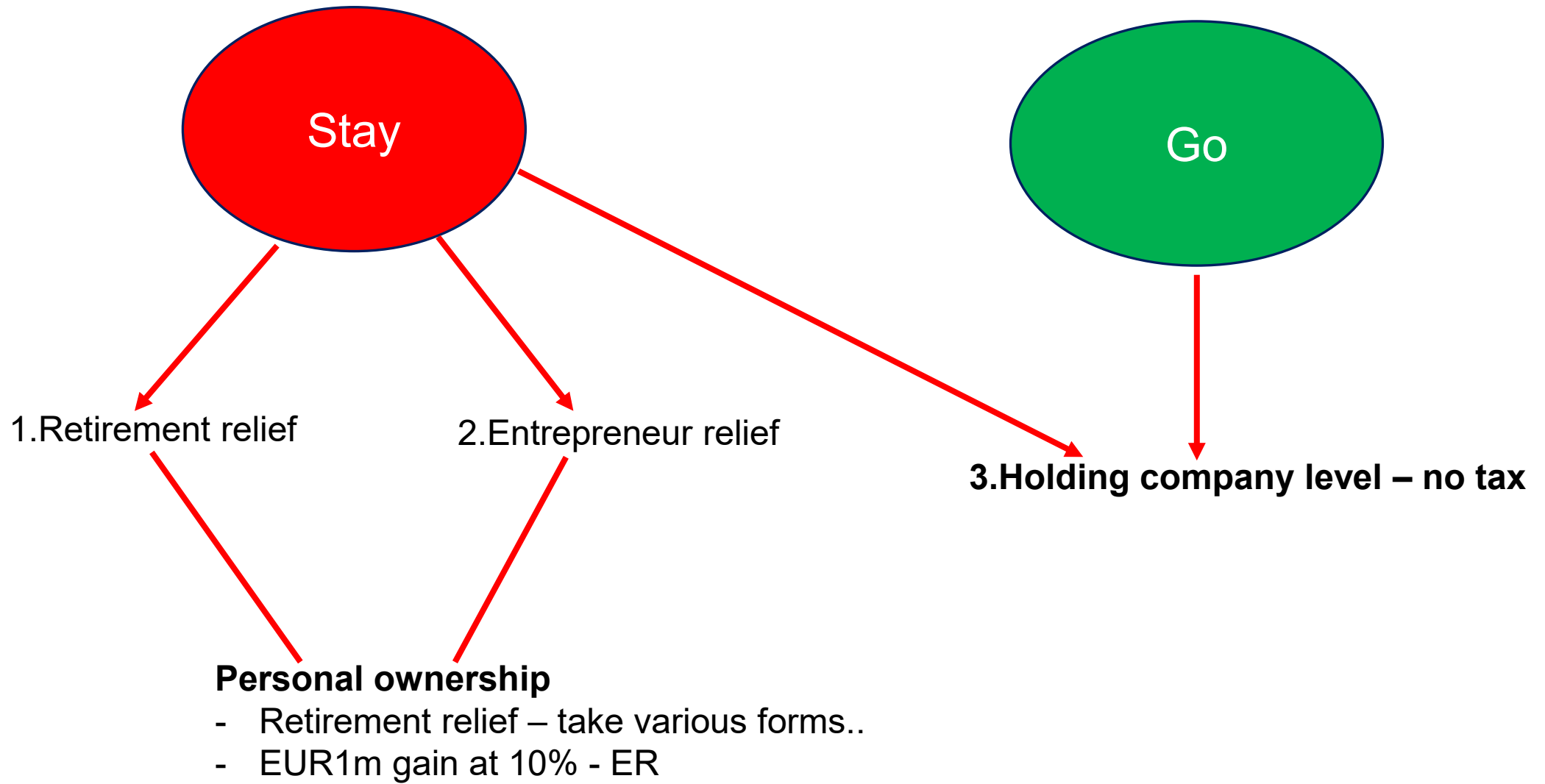
1. What are KTA seeing.
2. Latest developments.
3. Where to now?

WHAT ARE WE SEEING?

- Exit strategy - a big focus!
- Stay or go?
- Personal holding company – what to do?
- Restructuring prior to sale/transfer



SHOULD I STAY?



ENTREPRENEUR RELIEF & RETIREMENT RELIEF COMPARED

Conditions	Retirement relief	Entrepreneur relief
Ownership period	10 years	3 years
Qualifying assets throughout ownership period	Yes	No
Working director	10 years	3 years
Minimum shareholding	25%/10%	5%
Proceeds/gains capped	EUR750K*	EUR1m
<i>*non family transfers</i>		

THINKING ABOUT HIS EXIT STRATEGY

MEET RICHARD:

- Born in Ireland
- Company value circa EUR15m
- Wife Rosa - Italian
- 2 kids, Sara (36) and James (32)
- Turns 69 July 2024



OPTIONS FOR PERSONAL OWNERSHIP – STAY

Tax efficient ways of realising profit from the company for Richard:

1. Entrepreneur relief: 1st EUR1m – 10%
2. Retirement relief – sale to 3rd party or gift to kids?

• **Caution: Interaction of reliefs needs consideration!**



LATEST DEVELOPMENTS

Finance Act No. 2 2023

1. Entrepreneur relief
 - issue if company owns shares in a non-51% subsidiary
2. Retirement relief changes
 - 2022 - Commission on Taxation & Welfare
 - July 2023 - Tax Strategy papers

LATEST DEVELOPMENTS



“To encourage/support timely transfers for intergenerational transfers of business/farms”

RETIREMENT RELIEF – CHANGES 2025

Age band widened **to age 69**

1. New EUR10m threshold for sale to family member **55** to **69**
2. EUR750,000 threshold (non family) – age **55** to **69**

WHAT SHOULD YOU DO?

1. Aged **66 – 69** wait until 1 January 2025!
 - To avail of EUR750,000 cap
 - Value over EUR3m for family transfers
 2. No Cap up to 31 December 2024 (age 55 to 65)
- Over 70 years – no difference

Recommendations



Stay - What does this mean for Richard?

Retirement relief

Wait until 1 Jan 25 to avail of EUR10m cap & transfer to kids before he turns 70 in July 2025

Entrepreneur relief



Richard 68yrs – 15 July 1955

- Turns 69 2024 - EUR3m cap
- Turns 70 2025 - EUR10m cap

Personal ownership

- EUR1m gain at 10%, balance, EUR14m at 33% - entrepreneur relief
- Retirement relief – EUR10m consideration tax free
- Business relief for kids – possible taxable value EUR500k each partly covered by CAT threshold

RETIREMENT RELIEF – SUMMARY RECOMMENDATIONS FAMILY TRANSFERS

Age Profile	Period to 31 December 2024	2025 onwards
Age 55 – 65	Consider transfer if MV exceeds EUR10m	EUR10m cap on relief
Age 66 – 69*	Wait until 2025 if MV exceeds EUR3m	Can avail of higher EUR10m limit
Age 70+	EUR3m cap will apply**	EUR3m cap will apply**

**Must do transfer before attaining 70 years of age during 2025*

***If currently aged 70+, the EUR3m cap will apply to all transfers regardless of whether they take place in the current year or from 2025 onwards*

If Richard Stays?

Retirement relief

Entrepreneur relief

Personal ownership

Holding company sale level – no tax

- Funds in pre-tax environment
- Good starting point – but what to do next?



ACCESSING VALUE FROM YOUR HOLDING COMPANY

1. Taking funds from your holding company
2. Leaving funds in your holding company



1. Take funds from
Hold Co.- What
can Richard do?



Richard's Holding Company



- Maximise salaries at up to EUR84K for Richard and Rosa @ 20% income tax, USC, PRSI
- Pension funding – PRSAs
- Purchase high value, quick depreciating assets
- Sell an asset that Richard owns personally into the holding company – e.g. property/shares
- Take a loan for the purchase of a new home (or replacement loan) – 4% BIK

EXTRACT VALUE TAX EFFICIENTLY FROM YOUR HOLD CO.

LOAN TO PURCHASE HOUSE

- Loan from company EUR1m
- Interest free - BIK 4% @48% tax
- EUR19,200 annual cost after tax
- Tax deposit EUR250k with Revenue (repayable)
- SAP legal procedures
- Repayment can happen at liquidation point/non-resident plan

MORTGAGE - SAMPLE

- For a mortgage of EUR1m
- Annual repayment EUR76,893
- EUR46,500 annual interest cost
- At an interest rate of 4.65%
- With an LTV of 76.92%
- Term 20 years

2. Leave funds in Hold Co.- What can Richard do?



Richard's Holding Company



- Use the company structure for further investing:
 1. Corporate investing
 2. Private equity/trading company investment – hold co exemption?
- Philanthropy
- Purchase a holiday home – BIK cost can be minimal
- Gift to the next generation during their lifetime CGT/CAT offset
- Growth shares
- No need to access cash? Leave shares in Will pass tax free to spouse

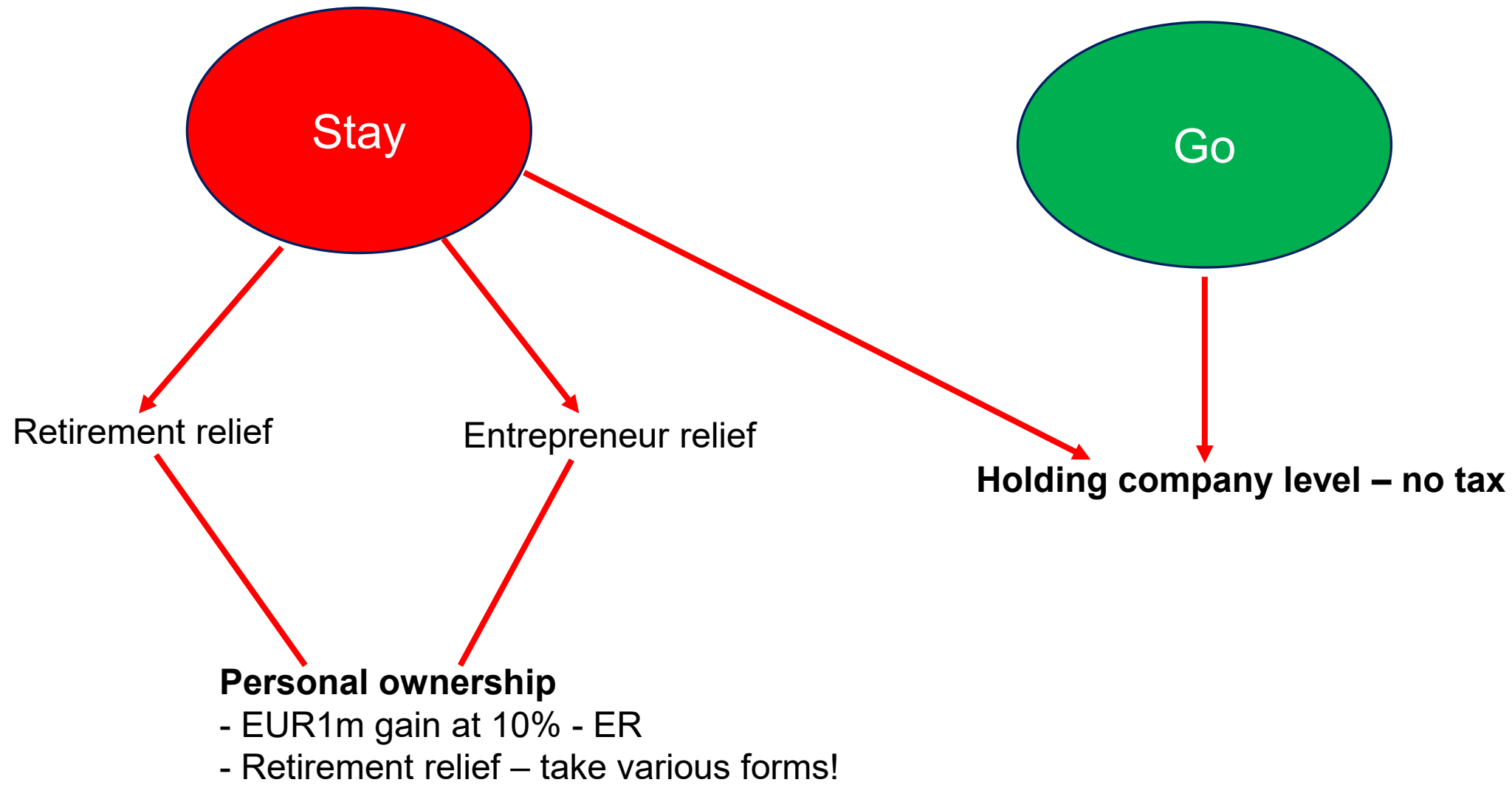
SHOULD I GO?

THE ENTREPRENEUR – SHOULD I GO?

- Tax residence planning
- Irish pensions – transfers overseas
- Latest developments

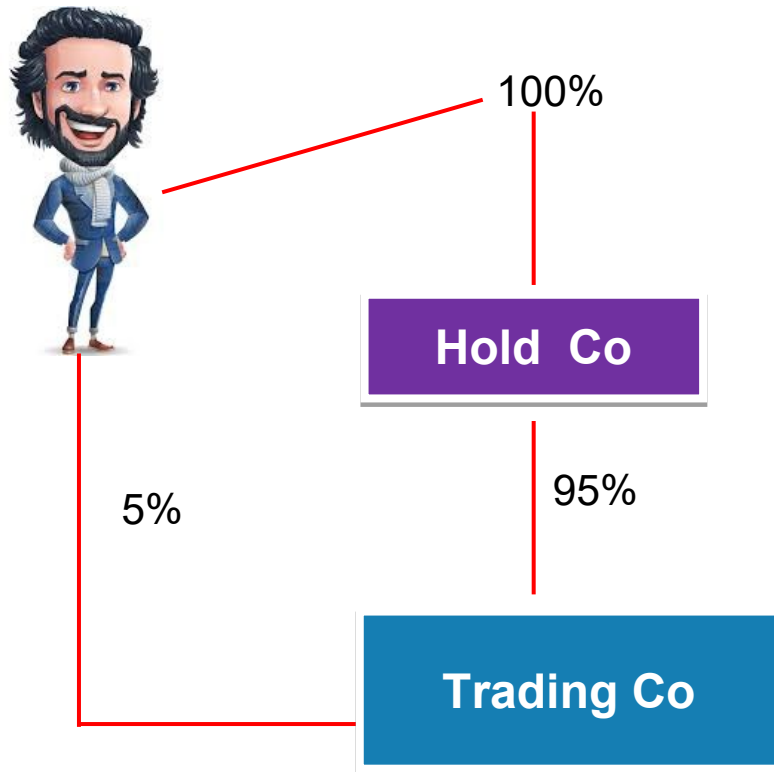
TAX RESIDENCE PLANNING

- Who is suitable? – company owners – retirement planning
- What structure should you have in place?
- Where to go?



WHAT STRUCTURE TO HAVE IN PLACE?

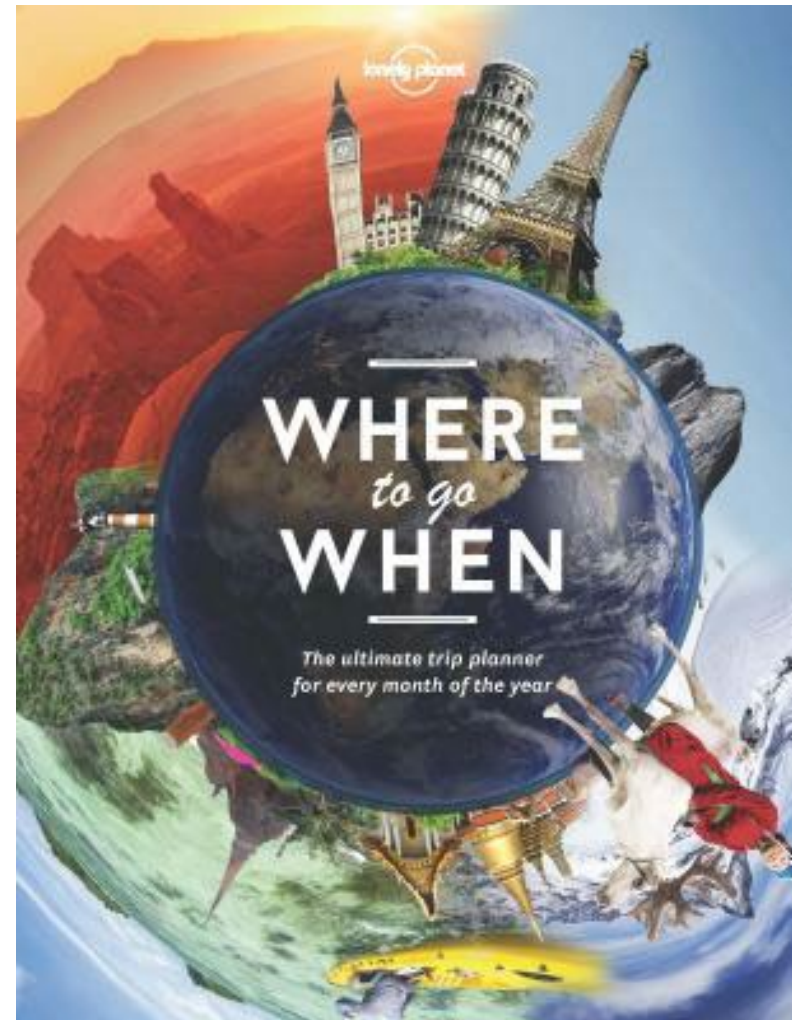
Ideal structure – Split Ownership



- Holding company exemption for company
- Entrepreneur relief for individual
- Flexibility for residence planning

WHERE TO GO?

- Find low tax overseas jurisdiction
- Cease Irish tax residence
- Good DTA (Treaty) jurisdiction



TAX RESIDENCE PLANNING – WHERE TO GO

- Portugal – THE END?
- Italy – THE NEW PORTUGAL?
- Ireland/Italy DTA



IRELAND/ITALY DTA

- “Old” treaty
- No permanent home test
- Max 91 days in Ireland
- Irish dividends – good
- Non-Irish source – be careful



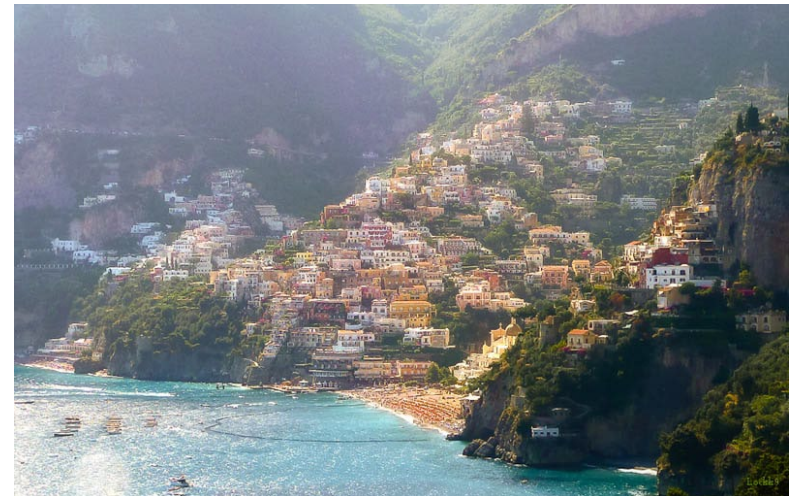
ITALY

- Special regime for “New Residents”
- EUR100,000 annual tax charge
- Non-Italian income and most non-Italian gains covered by the charge
- Available in all areas of Italy
- Not resident in Italy 9 out of 10 previous years



ITALY – “REGIME FOR RETIREES”

- Special regime for individuals with non –Italian pension income
- 7% flat rate of tax on non-Italian income
- Only available in southern regions
- Not resident in Italy for previous 5 years



TAX RESIDENCE IN ITALY

- Rent/buy a property
- Spend 183 days in Italy in a tax year
- Registration process



NON-RESIDENCE PLANNING AND IRISH DIVIDENDS

- Short-term plan (12 to 18 months)
- Take up residence in Italy
- Good DTA for Irish dividends and short-term plan
- Limit days in Ireland to a maximum 91
 - Irish dividends - Irish tax – 15%
 - Italian tax – EUR100,000 annual charge

ITALY – SHORT-TERM PLAN

- Can retain a permanent home in Ireland
- DWT of 25% will be deducted
- Refund claim to reduce rate to 15% - Revenue enquiry??



RICHARD – SHORT-TERM PLAN

	EUR
Dividend from Hold Co	10m
Irish tax*	1.5m
Italian tax	100,000
Net cash	8.4m

*Refund claim of EUR1m



ITALY – LONG-TERM PLAN

- 4-year plan
- Break ordinary residence in Ireland
- Dividend paid in year 4
 - Irish tax – 0%
 - Italian tax – EUR100,000



RICHARD – 4-YEAR PLAN

	EUR
Dividend from Hold Co	10m
Irish tax	Nil
Italian tax*	100,000
Net cash	9.9m
*Assumes 1 year of Italian tax	



IRISH PENSIONS

IRISH PENSIONS – STAY OR GO?




- Tax Appeals case – 44 TACD 2024
- ARF payments to a non-resident
- Win for taxpayer – refund of Irish tax
- Did not deal with the key issue – nature of payments from an ARF



ARFs AND NON-RESIDENT

- Still no PAYE exclusion orders
- No/limited refunds
- Capital payments – no refund
- Double taxation?
- Solution – transfer pension to Malta

MALTESE PENSION SCHEME – TRANSFERS

- Occupational schemes 
- Master trust 
- PRSA / buyout bonds 
- Maltese pension scheme - 30% Lump sum on retirement

ITALY AND PENSIONS

- Is Italy a good location for pensions?
- Watch the DTA – “old treaty”
- Short-term plan – Ireland still has taxing rights on a non-Irish pension
- Is that a problem?



PENSIONS AND NON-RESIDENT PLANNING

- Transfer pension to Malta
- In year 1 – drawdown up to EUR500,000 and pay Irish tax – EUR60,000
- Year 4 – drawdown further pension lump sum
 - Irish tax – 0%
 - Italian tax – EUR100,000 annual charge or 7%



OTHER LOCATIONS

- Watch the UK
- Proposed changes – April 2025
- Non-UK income and gains – not taxable for 4 year period



IRELAND – FUTURE CHANGES

- New Government – Sinn Féin?
- Solidarity tax on higher earners – 3%
- CAT, stamp duty, DWT ↑
- Commission on wealth tax.

THANK YOU

QUESTIONS?