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Answer given by Mr Gentiloni
on behalf of the European Commission
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In the framework of the European Semester, the issue of aggressive tax planning (ATP) has been raised for several years in a number of country reports, including for Ireland. In 2018, 2019 and 2020, the Council adopted a euro area recommendation highlighting the systemic importance of aggressive tax planning. It also addressed a country specific recommendation in this area to Ireland in both 2019 and 2020[1].

As stated in the 2020 European Semester Country Report for Ireland[2], the current limited application of withholding tax on royalty and dividend payments going out of Ireland – which may lead to those payments being taxed at a very low rate or escaping tax altogether if they are channelled to a low or no tax jurisdiction – has been flagged as a key element facilitating aggressive tax planning through Ireland. Moreover, as indicated in the 2019 Country Report for Ireland[3], intangibles worth billions of euros were on-shored in 2015, while companies were allowed to offset capital allowances for intangible assets against 100% of the income arising from the use of those intangibles purchased or developed between 2015 and October 2017. The quantum was reduced from 100% to 80%, but only for new capital allowances on intangible assets. The possibility to offset capital allowances for intangible assets against 100% of the income arising from the use of those intangibles purchased or developed between 2015 and October 2017 is still effective.

[1] https://www.consilium.europa.eu/en/press/press-releases/2020/07/20/european-semester-2020-country-specific-recommendations-adopted/
[2] SWD(2020) 506 final.
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0506&from=EN
[3] SWD(2019) 1006 final.
https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-report-ireland_en.pdf