

Narrative Report on Ireland

Ireland is ranked at 47th position on the 2013 Financial Secrecy Index. This ranking is based on a combination of its secrecy score and a scale weighting based on its share of the global market for offshore financial services.

Ireland has been assessed with 37 secrecy points out of a potential 100, which places it into the moderately secretive category at the bottom of the secrecy scale (see chart 1).

Ireland accounts for over 2 per cent of the global market for offshore financial services, making it a small player compared with other secrecy jurisdictions (see chart 2).

Part 1: Telling the story¹

Ireland as a financial centre: history and background

Overview

Ireland's role as a secrecy jurisdiction or tax haven is based on two broad developments. The first, dating from 1956, is a regime of low tax rates and tax loopholes that have encouraged transnational businesses to relocate – often only on paper – to Ireland. The second is the role of the Dublin-based International Financial Services Centre (IFSC), a Wild-West, deregulated financial zone set up in 1987 under the corrupt Irish politician Charles Haughey, which has striven particularly to host international 'shadow banking' activity². Ireland's secrecy score of 37 makes it one of the least secretive jurisdictions on our index: secrecy was never a central part of its 'offshore' offering. Nevertheless, the story of how Ireland became an 'offshore' jurisdiction is highly instructive for those wishing to understand the political economy of the emergence of offshore jurisdictions.

On the tax side, three main elements stand out. The first is typically cited as a key part of the "Celtic Tiger" economy: Ireland's headline 12.5 percent corporate tax rate on certain types of corporate income, which has encouraged some corporations to relocate activity to Ireland. The second is Ireland's historical near-absence of corporate transfer pricing rules, which have in effect turned Ireland into a prolific source of loopholes in international tax, most notably helping U.S. and other corporations pay far less than the headline 12.5 percent rate. The third element, essential but overlooked, is Ireland's membership of the European

Chart 1 - How Secretive?

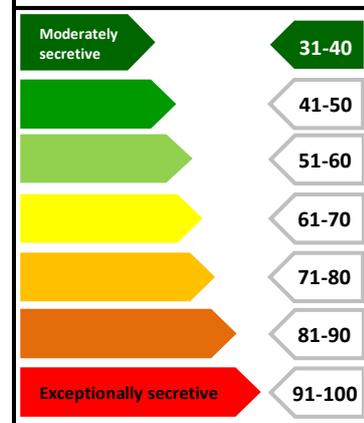


Chart 2 - How Big?



Union. As well as granting political stability and special access across European markets, Euro membership has also kept Ireland off tax haven blacklists that apply to classic tax havens such as Cayman and Bermuda; withholding taxes on certain payments to traditional tax havens are not applied in Ireland's case because it is falsely classified as "onshore". A broad network of [tax treaties](#) with other jurisdictions complement its European-based offering.

A hard-hitting U.S. Senate [investigation](#) in 2013 demonstrated clearly how Ireland helped corporations such as Apple, Inc. set up what Senator [Carl Levin called](#) "ghost companies" to help it avoid tax, and that Apple "quietly negotiated with the Irish government an income tax rate of less than 2 percent" for some of its central subsidiaries.

As regards the International Financial Services Centre (IFSC,) its extraordinary growth stems in large part from its Wild West, 'anything goes' approach to financial regulation, including classic tax haven offerings such as ease of company incorporation, and company laws extremely favourable to transnational corporations. Ireland, as one [account](#) puts it,

"began to see itself as an outpost of American (or Anglo-American) free-market values on the far edge of a continent where various brands of social democracy were still the political norm."

Ireland's tremendous "Celtic Tiger" boom was followed by a spectacular, debt-laden bust from 2008 onwards, from which Ireland has yet to emerge.

Ireland [hosts](#) over half of the world's top 50 banks and half of the top 20 insurance companies; in January 2013 it [hosted](#) over 11,000 funds administering some €2.3 trillion in assets; with €1.3 trillion of assets in funds domiciled in Ireland. The Irish Stock Exchange hosts about a quarter of international bonds. In 2011 IFSC investment [was equivalent to](#) approximately 17 times Ireland's GNP; many toxic developments in the 'subprime' markets of the U.S. and elsewhere can trace their lineage back to Ireland.

Ireland, a corporate tax haven

Ireland has used tax as a central plank in its strategy to attract foreign transnationals.

The Irish tax strategy [took its first steps](#) in this respect in 1956 with the Export Profits Tax Relief (EPTL) which exempted certain manufactured goods exports from corporate income and profits tax. This was pushed through by John Costello, the Irish *Taoiseach* (head of government) in October 1956, who failed to discuss the measure with other members of the government, and in the face of objections from the Irish Revenue - relying instead ([p6](#)) on advice from his son-in law Alexis Fitzgerald and other personal advisers. This was just one of many examples where - as in many tax havens - the tax avoidance industry was nurtured by close and even incestuous links among political and economic insiders, with little or no

democratic debate at home – still less by those much larger populations in the United States and elsewhere that are directly affected by Ireland’s laws.

The tax exemptions were expanded in 1957 and 1958 but the system really took off in the 1970s when the Industrial Development Authority (IDA) started aggressively marketing Ireland’s tax system internationally, under slogans such as ‘no tax’ and ‘double your after-tax profits’ ([p246](#).)

As Ireland negotiated entry into the European Economic Community (EEC) [in 1973](#), however, it suffered a setback when Ireland was told that these tax measures were discriminatory. The EEC did allow Ireland plenty of time to adapt, and Ireland responded in due course by abolishing the differential tax system and instead adopted a single, across-the-board tax rate of 10 percent to apply without discrimination to all industrial sectors.

Implementation of this single rate was delayed until 1981, however, and other sectors such as tourism, facing corporate tax rates of 40 percent, began to lobby hard to obtain the same low tax rate. So it was announced in 1997 that Ireland would from 2003 introduce a 12.5 percent tax rate for all trading companies, with non-trading income taxed at 25%. This marked the start of the final, madcap phase of the “Celtic Tiger” boom leading up to the crisis.

Tax loopholes and transfer pricing

While Ireland’s 12.5 percent corporation tax rate is well known, far less is written about Ireland as a prolific source of tax loopholes: arguably a much more important Irish tax offering helping Ireland [becoming](#) the single largest location outside the US for the declared pre-tax profits of U.S. firms.

While Ireland officially does apply a 12.5 percent tax on corporate profits across the board, the question then becomes: what portion of a transnational’s profits gets taxed at that rate, and what portion is overlooked? Ireland has been particularly adept at helping transnationals artificially relocate their profits away from Ireland, usually via what are known as [profits shifting](#) mechanisms, to lower-tax or zero-tax jurisdictions – so large chunks of their profits are excluded from Irish tax and they end up effectively [paying far less](#) than the headline rate. Google, for instance, [routes](#) profits through Ireland to a shell company in Bermuda; Facebook sends them through Ireland to Cayman, and LinkedIn sends them via Ireland to the Isle of Man. These practices are allowed and encouraged by existing global tax rules overseen by the OECD, as explained [here](#) and [here](#). The Box below provides two examples illustrating the Irish corporate tax dodges.

Low effective tax rates

The effective tax rate for multinationals operating in Ireland is very low.

Misleadingly, studies cited by the *Irish Times* and other outlets suggest that the effective tax rate is close to the headline 12.5 percent rate – but this is a fictional result based on a theoretical ‘standard firm with 60 employees’ and no exports: it is entirely inapplicable to transnationals. Though there are various ways to calculate effective tax rates, [other studies](#) find rates of just 2.5-4.5 percent.

Ireland has also triggered ‘beggar my neighbour’ competition from other nations: most recently, Liechtenstein [announced](#) plans for a 12.5% across-the-board corporation tax rate, explicitly to match Ireland’s. The United Kingdom has more recently [been offering](#) competing tax products.

BOX:**Story 1: Apple’s tax practices.**

Apple has amassed over \$100 billion in offshore cash through a highly developed tax avoidance system. First, it shifted intellectual property rights offshore; then it accumulated the ensuing income offshore, shielded from U.S. and other taxes. Apple created Irish ‘ghost companies’ offshore, some with no physical presence or employees anywhere – to take advantages of differences between U.S. and Irish tax laws. Under U.S. laws, a company is generally tax resident where it is incorporated, whereas in Ireland, only companies that are managed and controlled in Ireland are tax resident. So Apple ‘ghost companies’ are incorporated in Ireland but managed in the United States and therefore tax resident nowhere: as Levin describes it: “the Holy Grail of tax avoidance . . . magically, it’s neither here nor there.” One of these, Apple Sales International, enjoyed sales income of US\$74 billion over 2009-2012. Meanwhile, Apple discreetly negotiated with the Irish government an income tax rate of less than 2 percent. The ability to reach such ‘handshake’ tax deals are classic tax haven facilities. Apple CEO Tim Cook says that he was actively “recruited” by Ireland in the 1980s to base a subsidiary there.

Story 2: Google’s tax practices

A [story](#) by Bloomberg reporter Jesse Drucker illustrates how the U.S. transnational Google Inc. cut its foreign tax bill to just 2.4 percent via a common scheme called the “Double Irish.”

An Irish subsidiary of Google employs 2,000 people in Ireland, generating large real profits there. However, that Irish subsidiary is owned by a Bermuda-based subsidiary of Google. The Irish subsidiary pays massive royalties to the Bermuda-based subsidiary, then deducts those royalties as ‘costs’ against its Irish profits, effectively knocking out its Irish taxable profits: as a result, these came in at just one percent of sales in 2008.

Meanwhile, those massive royalties are realised as profits in Bermuda – which levies no tax on them. (This is a simplified version of the real story, which involves a “Dutch sandwich”

further detour via the Netherlands.) Drucker notes:

“Tax planners call such an arrangement a Double Irish because it relies on two Irish companies. One pays royalties to use intellectual property, generating expenses that reduce Irish taxable income. The second collects the royalties in a tax haven like Bermuda, avoiding Irish taxes.”

See [the Bloomberg story](#) for further details, and a [further article](#) looking at the drug Lexapro, which also uses the Double Irish scheme. See TJN’s page on [transfer pricing](#) for more details on the broad practice.

In this area of tax loopholes, Ireland displays strong characteristics of the ‘financially [captured state](#)’ that we have encountered in secrecy jurisdiction after jurisdiction, as noted above, where politically networked private insiders effectively write the laws with little or no democratic consultation. Jesse Drucker of Bloomberg News [highlights](#) one key player:

“The grand architect of much of that success [is] Feargal O’Rourke, the scion of a political dynasty who heads the tax practice at PricewaterhouseCoopers in Ireland.

...

O’Rourke advised each company on its arrangements, according to two people familiar with the matter. He also persuaded regulators to eliminate a withholding tax on profits that corporations move out of the country -- while separately advising his cousin who was finance minister.

...

He was instrumental in creating an Irish tax-credit program that subsidizes the research of companies like Intel Corp. -- another client.

...

O’Rourke sees no conflict in his dual roles representing private industry and advising the government on issues that benefit his clients.”

That Bloomberg [article](#) contains several other examples of insider policy-making, including describing a secret meeting of a top Irish revenue official inside Google’s Dublin headquarters. This theme of the ‘captured state’ has also very important in the creation of the Irish Financial Services Centre (IFSC), as the next section now explains.

The Irish Financial Services Centre (IFSC)

Attempts to set up Ireland as a financial services centre date back to the late 1970s when Irish officials, with the help of a Wall Street offshore lawyer, [Bob Slater](#), sought to set up an offshore banking centre modelled on Bermuda. The Irish Central Bank initially rejected it, however, saying that the project ‘smacked of a banana republic.” ([p324](#))

The project was revived a decade later, and pushed through by a tiny group with very little democratic consultation.

The biggest early driver of the IFSC project was the (now billionaire) stockbroker [Dermot Desmond](#), formerly of Citibank and Pricewaterhousecoopers, who first [put forward](#) the idea in Kitty O'Shea's pub in Dublin, and put an initial proposal for a financial services centre to the government in 1985. Desmond's stockbroking firm part-financed the first full-scale feasibility study by PWC. Desmond (who also owned some of the original buildings that would become designated to the IFSC project) put this proposal to his friend, the politician Charles Haughey, and one evening [co-wrote](#) (with stockbroker Michael Buckley, later to become Chief Executive of Allied Irish Bank) the relevant section of the manifesto for Haughey's dominant political party, *Fianna Fáil*, during the 1987 election campaign, with a promise of 7,500 full-time jobs within five years. Although the document asserted ([p318](#)) that it was "not oriented in any way towards the creation of a tax haven," reality would demonstrate the exact opposite.

The "[voraciously corrupt](#)" Haughey was returned as Taoiseach in March 1987, and by May of that year the government had already chosen the [Custom House Dock site](#) in Dublin to host the IFSC. The project was bulldozered forwards by a fixer named Padraic O'hUiginn, Haughey's right hand man who, [according to](#) one official, had the Taoiseach's authority to "persuade, bully...whatever needed to be done to get the other government departments on board." Padraic White, then head of the Industrial Development Authority, wrote in his co-authored book [Celtic Tiger: the Inside Story of Ireland's Boom Economy](#):

"Within the public service, new initiatives tend to develop slowly. These are advanced, after much consultation, and refined, usually by committees. So before a policy proposal finally emerges as government policy, it must survive a high degree of scrutiny via checks and balances.

...

In this instance, the composition of the IFSC committee made the vital difference. So when O'hUiginn turned to any departmental secretary and gently enquired, 'I presume this is possible,' there was no place to hide."

Tax incentives were sought to compete with nearby banking centres such as Luxembourg and the Channel Islands, and a tax rate of 10 percent for licenced companies was agreed. Laws were crafted to attract global money management, foreign currency dealing, equity and bond dealing, and insurance – and the finance minister was given leeway to allow services 'similar to or ancillary to those' – a very broad net. The laws were fully in place within just three months of the new government being formed, highlighting how this project had sidestepped normal democratic processes.

This pattern, an important component of a bigger tale that writer Finlan O'Toole calls "*a lethal cocktail of global ideology and Irish habits*," fits closely our view of tax havens or

secrecy jurisdictions as places where small groups of insiders, collaborating closely with financial sector interests, ‘capture’ policy-making, ring-fenced to protect the offshore sector against local democratic politics. (Our [“Finance Curse”](#) document explores this ‘capture’ as a widespread phenomenon of tax havens and large financial centres.)

The IFSC was marketed aggressively abroad with a first showpiece seminar in the City of London on St Patrick’s Day, 1988. The world’s banks began to descend on Ireland; by the end of that year fifty banks had applied for licences, including Chase Manhattan and Citicorp., Commerzbank, Dresdner Bank and ABN. Financial services activity in Ireland exploded, notwithstanding the somewhat [lukewarm approach](#) taken by the *Fine Gael* government of 1994-1997 towards what was seen as a *Fianna Fail* project.

Before the financial crisis, most of what has been written about this episode was uncritical, even gushing: “an economy to be [admired](#) rather than examined,” as one account put it. More recently, however, analyses such as Finlan O’Toole’s book *Ship of Fools* have exploded the myth. As one reviewer [summarises it](#):

“All this has been accompanied by a culture of corruption so shameless and spectacular that it makes Dublin look like Kabul. The former prime minister Charles Haughey stole €250,000 from a fund set up to pay for a liver transplant for one of his closest friends. . . . as O’Toole points out, bribery, tax evasion and false evidence under oath have not simply gone unpunished; the very idea of penalising the culprits is viewed by the governing elite as unsporting or even unpatriotic.”

The willingness to brush dirt under the carpet to support the financial sector, sometimes known in Ireland as the [Green Jersey agenda](#), contributed to remarkable regulatory laxity with massive impacts in other nations (as well as in Ireland itself) as global financial firms sought an escape from financial regulation in Dublin. The [New York Review of Books](#) describes the issues succinctly, and accurately:

The new government believed it had discovered a quicker-acting formula for wealth creation: tax cuts to stimulate consumption, property to replace manufacturing as the source of wealth, Dublin to become a tax haven for businesses seeking to avoid the more rigorous regimes of London and New York.

Another financial commentator, who [described](#) Ireland as “Germany’s Offshore Tart,” and noted Ireland’s efforts to tap funds of ‘various shades of shadiness’ from the former Soviet Union, [added](#):

German banks used to fly their people from Germany to Ireland in order to do deals that were not allowed in Germany. . . This is known in the financial world as jurisdictional arbitrage. You and I would call it cheating if we were feeling charitable and lying if we weren’t. . . I have spoken to such people. Usually I can hear the sweat

coming off them as they ask how I got their number and where did I get my information.

One of the few detailed academic examinations of Ireland's regulatory laxity comes from [Professor Jim Stewart of Trinity College, Dublin](#). The IFSC, he reveals, formed a core element in the toxic global "shadow banking" system, where hedge funds, for example, would typically be listed in Dublin, managed in London and domiciled in a tax haven like the Cayman Islands.

When the global financial crisis hit, many Dublin-listed structures collapsed. Germany's Sachsen Bank, IKB, West LB and Hypo, for instance, all required massive state aid after luxuriating in Dublin's regulatory permissiveness. Hypo Bank was bailed out with €102 billion in German state loans and guarantees after it took over Ireland-registered Depfa Bank based in Dublin. In 2006 Depfa, which had a tiny sliver of just €2.98 billion in equity bootstrapping nearly €223 billion in gross assets, collapsed when its Irish subsidiary could not get short-term funding. Later, the head of the German financial regulator Bafin said that the rescue of Hypo had "prevented a run on German banks and the collapse of the European finance system." A Bear Stearns holding company, Bear Stearns Ireland Ltd., was similarly leveraged, with a ratio of one dollar of equity underpinning \$119 in gross assets. Even so, relatively few analyses of this and other episodes involving the likes of Lehman Brothers, AIG and various others, investigated the central role Dublin played in the problems that subsequently emerged.

Ireland, it seems, had also not been interested in tackling or even investigating the dangers. The Irish financial regulator has been quoted as saying that it had no responsibility for such entities: its remit extended only to banks headquartered in Ireland. If the relevant documents were provided to the regulator by 3 p.m., Stewart [noted](#), a fund would be authorised by start of business the next day (a prospectus can run to 200 or more pages; it can hardly be assessed between 3 pm and the close of business at 5 pm.!) Even years after the global financial crisis, Ireland's regulator says that financial-vehicle corporations such as those that helped bring Depfa down are not regulated: its role, it says, is to regulate firms but not specific financial products, and in 2013 it [was reported](#) only two employees at the Central Bank oversee the entire trillion-dollar industry. Again, this turning of a blind eye is a deliberate "offshore" strategy.

Ireland suffered its own pain, of course, as a result of its Wild-West offshore model. According to an article in the [Financial Times](#),

"The almost total absence of effective banking regulation would be laughable had it not been so serious. Irish business and the Fianna Fáil-led government enjoyed a long established, cosy camaraderie in which peer review or the effective implementation of basic regulations was impossible. The result was horrific: the

bankruptcy of the entire Irish banking sector involving bad debts in excess of €70bn – one of the biggest financial busts in history.”

Tape recordings released by the Irish Independent newspaper revealed that when the government rescued Anglo Irish Bank based on fictitious calculations of the bank’s bad debts, the executive said those calculations had been “picked out of my arse;” Anglo Irish’s Chief executive is said to have urged a colleague to respond to anger in Germany, and elsewhere at the damage spilling over with:

‘ “Stick the fingers up!” To which his colleague responds with a spirited rendition of “Deutschland, Deutschland über alles”. Both men dissolved in laughter.’

Even after the crisis, the ‘capture’ of Irish policy-making by the financial sector appears to have continued unabated. According to [a report](#) in the *Financial Times*, describing a meeting in 2011:

‘They met under the auspices of the “Clearing House”, a secretive group of financial industry executives, accountants and public servants formed in 1987 to promote Dublin as a financial hub.

...

The participants thrashed out 21 separate taxation and legal incentives sought by the financial industry at the meeting, which took place in room 308 in the prime ministers’ offices.

...

“The lobbying was done in secret behind closed doors,” says Nessa Childers, an Irish member of the European parliament, who got minutes of the meeting using freedom of information laws last year. “The bankers and hedge fund industry got virtually everything they asked for while the public got hit with a number of austerity measures”.’

Beyond these activities, Ireland, like many offshore jurisdictions, has also been happy to serve as an ask-no-questions incorporation centre for shady businesses. As the *Irish Times* [reported](#) in June 2013, one Dublin-based company incorporation business alone had set up some 2,000 shell companies, some of which have been found to have been involved in large-scale criminal activities around the world. The man behind the agency, Phil Burwell, said he had “no responsibility for the nominee directors or activities of the firms after they are incorporated.”

Much of the trouble can be traced to the toxic combination of ideology and insider Irish politics. An Irish analyst, in an email to TJN, remarked:

“The main legacy of O’Huiginn was to politicise the civil service so no-one critical of government policy was ever promoted. O’Huiginn did his master’s bidding (Haughey) and twisted all sorts of rules, protocols etc.”

This was a key element in the financial and economic disaster which has hit Ireland.

The political ‘capture’ of the entire Irish political establishment was summarised in a September 2013 editorial by the Irish political magazine [The Village](#):

“Never have two political parties been so indistinguishable. The same deference to Big Finance and multinational corporations prevails.”

Or, as another observer more colourfully [put it](#):

“is the Irish state’s legal apparatus whoring for the banks?”

This issue of political ‘capture’ is a hallmark of secrecy jurisdictions, or tax havens.

Read more:

[Low tax Financial Centres and the Financial Crisis: The Case of the Irish Financial Services Centre](#), Prof. Jim Stewart, Trinity College Dublin, IIS Discussion Paper No. 420, Jan 2013

[Shadow Regulation and the Shadow Banking System: the role of the Dublin International Financial Services Centre](#), Tax Justice Focus, Vo. 4 Number 2, 2008. Jim Stewart’s article provides a much shorter summary of his subsequent paper.

[Corporation Tax: How Important is the 12.5 % Corporate Tax Rate in Ireland?](#) IIS discussion paper, September 2011

[Why Ireland is an EU corporate tax haven](#), Progressive Tax Blog, Feb 23, 2011, available here (scroll down.)

[The International Financial Services Centre: a National Development Dream](#), Padraic White, 2000. An uncritical yet informative chapter in the book **The Making of the Celtic Tiger: the inside story of Ireland’s boom economy**.

[Finance Bill 2010: Ireland introduces Transfer Pricing rules](#), PWC

With thanks to Jim Stewart, Sheila Killian and Tom McDonnell for their help with this article.

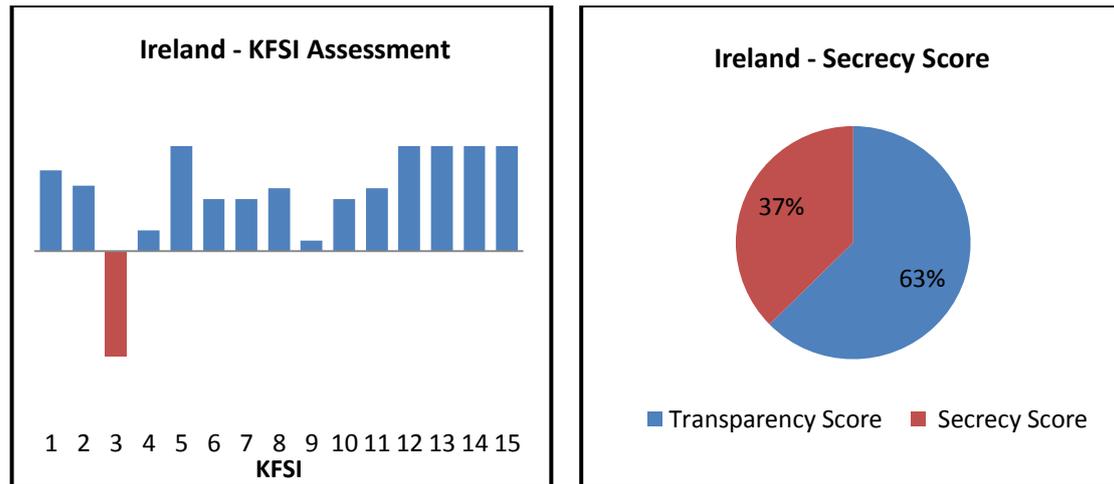
Next steps for Ireland

Ireland’s 37 per cent secrecy score shows that it must still make major progress in offering satisfactory financial transparency. If it wishes to play a full part in the modern financial community and to impede and deter illicit financial flows, including flows originating from tax evasion, aggressive tax avoidance practices, corrupt practices and criminal activities, it should take action on the points noted where it falls short of acceptable international standards. See part 2 below for details of Ireland’s shortcomings on transparency. See this

link <http://www.financialsecrecyindex.com/kfsi> for an overview of how each of these shortcomings can be fixed.

Part 2: Secrecy Scores

The secrecy score of 37 per cent for Ireland has been computed by assessing the jurisdiction's performance on the 15 Key Financial Secrecy Indicators, listed below.



The numbers on the horizontal axis of the bar chart on the left refer to the Key Financial Secrecy Indicators (KFSI). The presence of a blue bar indicates a positive answer, as does blue text in the KFSI list below. The presence of a red bar indicates a negative answer as does red text in the KFSI list. Where the jurisdiction's performance partly, but not fully complies with a Key Financial Secrecy Indicator, the text is coloured violet in the list below (combination of red and blue).

This paper draws on key data collected on Ireland. Our data sources include regulatory reports, legislation, regulation and news available at 31.12.2012³. The full data set is available [here](#)⁴. Our assessment is based on the 15 Key Financial Secrecy Indicators (KFSIs, below), reflecting the legal and financial arrangements of Ireland. Details of these indicators are noted in the following table and all background data can be found on the [Financial Secrecy Index website](#)⁵.

The Key Financial Secrecy Indicators and the performance of Ireland are:

TRANSPARENCY OF BENEFICIAL OWNERSHIP – Ireland	
1.	Banking Secrecy: Does the jurisdiction have banking secrecy? Ireland does not adequately curtail banking secrecy

2.	Trust and Foundations Register: Is there a public register of trusts/foundations, or are trusts/foundations prevented? Ireland partly discloses or prevents trusts and private foundations
3.	Recorded Company Ownership: Does the relevant authority obtain and keep updated details of the beneficial ownership of companies? Ireland does not maintain company ownership details in official records
KEY ASPECTS OF CORPORATE TRANSPARENCY REGULATION – Ireland	
4.	Public Company Ownership: Does the relevant authority make details of ownership of companies available on public record online for less than US\$10/€10? Ireland partly requires that company ownership details are publicly available online
5.	Public Company Accounts: Does the relevant authority require that company accounts are made available for inspection by anyone for a fee of less than US\$10/€10? Ireland requires that company accounts be available on public record
6.	Country-by-Country Reporting: Are all companies required to comply with country-by-country financial reporting? Ireland partly requires country-by-country financial reporting by some companies
EFFICIENCY OF TAX AND FINANCIAL REGULATION – Ireland	
7.	Fit for Information Exchange: Are resident paying agents required to report to the domestic tax administration information on payments to non-residents? Ireland partly requires resident paying agents to tell the domestic tax authorities about payments to non-residents
8.	Efficiency of Tax Administration: Does the tax administration use taxpayer identifiers for analysing information efficiently, and is there a large taxpayer unit? Ireland partly uses appropriate tools for efficiently analysing tax related information
9.	Avoids Promoting Tax Evasion: Does the jurisdiction grant unilateral tax credits for foreign tax payments? Ireland partly avoids promoting tax evasion via a tax credit system

10.	Harmful Legal Vehicles: Does the jurisdiction allow cell companies and trusts with flee clauses? Ireland partly allows harmful legal vehicles
INTERNATIONAL STANDARDS AND COOPERATION – Ireland	
11.	Anti-Money Laundering: Does the jurisdiction comply with the FATF recommendations? Ireland partly complies with international anti-money laundering standards
12.	Automatic Information Exchange: Does the jurisdiction participate fully in Automatic Information Exchange such as the European Savings Tax Directive? Ireland participates fully in Automatic Information Exchange
13.	Bilateral Treaties: Does the jurisdiction have at least 46 bilateral treaties providing for information exchange upon request, or is it part of the European Council/OECD convention? As of 31 May, 2012, Ireland had at least 46 bilateral tax information sharing agreements complying with basic OECD requirements
14.	International Transparency Commitments: Has the jurisdiction ratified the five most relevant international treaties relating to financial transparency? Ireland has ratified relevant international treaties relating to financial transparency
15.	International Judicial Cooperation: Does the jurisdiction cooperate with other states on money laundering and other criminal issues? Ireland cooperates with other states on money laundering and other criminal issues

¹ This narrative report is based on information up to date at 10 October 2011, however all references to FSI scores or ratings reflect the 2013 results.

² The term “shadow banking” is attributed to the U.S. financier Paul McCulley, who described it as “the whole alphabet soup of levered up non-bank investment conduits, vehicles, and structures.” It generally refers to banking activity that lies outside the purview of normal banking regulations.

³ With the exception of KFSI 13 for which the cut-off date is 31.05.2013. For more details, look at the endnote number 2 in the corresponding KFSI-paper here:

<http://www.financialsecrecyindex.com/PDF/13-Bilateral-Treaties.pdf>.

⁴ That data is available here: <http://www.financialsecrecyindex.com/database/menu.xml>.

⁵ <http://www.financialsecrecyindex.com>.