Ireland set to agree historical minimum corporate tax rate

Ireland is expected to adopt a 15% minimum corporate tax rate after several months of negotiations with the Organisation for Economic Co-operation and Development (OECD).

Sources close to Irish Finance Minister Paschal Donohoe say the Irish government “need certainty around the rate”, and assurances that Ireland won’t be forced to increase it further.

Much of the discussion has centred on the language of the global agreement.

The Irish government has insisted on the removal of the term “at least” 15% with regard to the amount each country should charge. Dublin is demanding a guarantee that it won’t be forced to increase the amount at a later date.

While it’s not clear yet whether this has been removed, sources say the Irish are amenable to the updated text which the government received on Monday.

“It’s certainly heading in the right direction,” another source said.

The government is preparing to sign off on the historic agreement at a cabinet meeting on Thursday.

- G20 greenlights global corporate tax rate of at least 15% to stop ‘race to the bottom’

Ireland’s 12.5% corporate tax rate has been the cornerstone of

Ireland’s economic policy since the 1990s.

Providing a stable, low tax environment attracted inward investment from some of the world’s largest multinationals. Successive Irish governments have said it was necessary to compete on tax given Ireland’s geographical location as an island off the continent, as well as its size – where it is felt Ireland’s offering could not compete on scale with much larger countries like Germany and France.

Ireland has been under pressure to increase its corporate tax policy for over a decade. The European Commission and larger EU member states such as Germany and France have been hugely critical of Dublin’s hesitancy on this matter.

Meanwhile, there is considerable angst within Irish government circles that part of the motivation in pushing Ireland in this direction is to diminish Ireland’s competitiveness which would lead to international investment going elsewhere – such as France of Germany.

“This is all about big countries looking after big countries,” an Irish government source said.

The 15% rate will only apply to multinational giants with a turnover of €750,000.