

Start-ups say skills, not taxes behind Ireland's draw

DUBLIN, IRELAND: Technology businesses taking part in this week's Web Summit in Dublin said there was more to Ireland than the low taxes that have drawn fierce criticism from other European countries.



Half Penny Bridge, Dublin, Ireland. A business-friendly tax regime is just one factor in Ireland's attractions for business. (Image: Wikimedia Commons)

The industry gathering brings together big players like Amazon and Google but also hundreds of far smaller players looking at what the country has to offer in the digital domain.

"There's a pool of developers and enterprise experience in Dublin right now," said Paulo Tubbert, co-founder of Xpresso, an Irish company that eases parcel delivery by improving communication between couriers and e-commerce customers.

"The technology eco-system helps smaller companies," said the 24-year-old, who recently signed up Ireland's largest courier and is looking to expand to Britain and Poland.

Ireland's status as the European home for Silicon Valley has come under scrutiny after the European Commission said it was investigating the country's tax arrangements with Apple.

Kylan Lundeen, head of partnership at Qualtrics, said his US company had looked to "maximise our interests" by setting up in Ireland but was interested mainly in the skills on offer.

"There were other places willing to do interesting things but there was just good things happening here in Ireland. The people, the culture, the workforce -- that's what attracted us," he said.

The company, which specialises in online data collection surveys and is planning to hire 100 people in Dublin this year, was helped by the Irish Development Agency state body.

The IDA has broadened its approach in recent years to appeal to smaller companies too as it fights off competition for digital start-ups from other European countries like Britain.

Mary McEvoy, vice president of emerging business with IDA, said tax rules are less important for smaller companies.

Lower taxes are a factor, but...

"They might first look at Ireland because they hear it's lower tax," she said.

But that doesn't tend to be the final reason, especially for early-stage tech companies or emerging companies because they may not even have revenue yet so they're not worried about tax."

She pointed out that her agency first engaged with some of the household names now based in Ireland when they were small companies.

"When we look back on our own track record, when we first met Facebook they just had 50 staff in California, the same with Apple back in the 1980s," McEvoy told AFP at the Web Summit.

In the last four years, the IDA has attracted more than 100 emerging companies to set up in Ireland, despite Ireland's economic turmoil as it entered a massive EU-IMF bailout in late 2010.

"There is no more pro-enterprise country in Europe," Prime Minister Enda Kenny said before ringing the bell to open New York's NASDAQ stock exchange live from the Web Summit.

The conference, now in its fifth year, occurs just weeks after Dublin bowed to international pressure and closed a lucrative tax loophole favoured by tech firms to minimise their tax to almost zero in some instances.

'A good a place as any to start a business'

At the same time as it moved to close the "Double Irish" loophole, however, it announced it would introduce further tax breaks for intellectual property, similar to the "patent box" arrangements in Britain.

Ireland's 12.5% headline corporation tax remains government policy.

While it is not the lowest in Europe, the rate compares favourably with countries such as the UK or Germany.

"London is hot on our heels: they're English-speaking, very close to the market place and is more well-known than Dublin but Dublin is now getting that brand name," McEvoy said.

Others are more measured about Ireland's tech status.

"Ireland is as good a place as any to start a business," said Mark Roden, chief executive of Ding, an international mobile phone top-up provider.

Since its foundation in Dublin in 2006, it has grown from two employees to almost 200 with offices across the world, from Miami to Dubai.

But that expansion comes at a cost, he said.

"People are expensive in Ireland, but people are expensive all over Europe."

Source: AFP, via I-Net Bridge

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