

FINANCIAL NEWS



Why some Irish eyes are still smiling

Elizabeth Pfeuti

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There is a silver lining to Ireland's economic problems. The country's financial services industry may help nurse the country's income back to health, amid the four years of austerity announced by the government last week.

Finance minister Brian Lenihan unveiled the recovery plan that showed financial services make up 20% of the country's exports. It said politicians were aiming to grow the sector with plans for green and Islamic finance ventures.

At the end of October, the country had a record €886bn domiciled in funds on its shores, according to the Irish Funds Industry Association. All the major global custodians and fund administrators have bases in Dublin and between them employ up to 20,000 people. This brings in significant revenue through corporation and income tax receipts.

[Brian Dillon](#), a partner at Dublin-based legal firm Dillon Eustace, said: "The funds industry should not be affected by the economic well-being of the country. Ireland is a regulated domicile for offshore assets subject to the segregated custody of foreign-owned banks that are not dependent on the economic health of Ireland." He added: "Irish-domiciled funds are tax exempt and the competitiveness of the industry is unlikely to be jeopardised by a change in the 12.5% corporate tax rate which has been robustly defended by the government in the recovery plan."

Gary Palmer, chief executive of the IFIA, said: "We still have the solutions, the innovation, operational efficiency and global distribution capability – and we continue to attract fund managers to the domicile."