FLUTTER TO WIN BIG IN US

LAURA RODDY REPORTS Page 12

▼ S&P 500 **-0.5%** ▲ FTSE 100 **+0.7%** ▲ ISEQ **+4.9%** ▲ DAX **+1.2%**

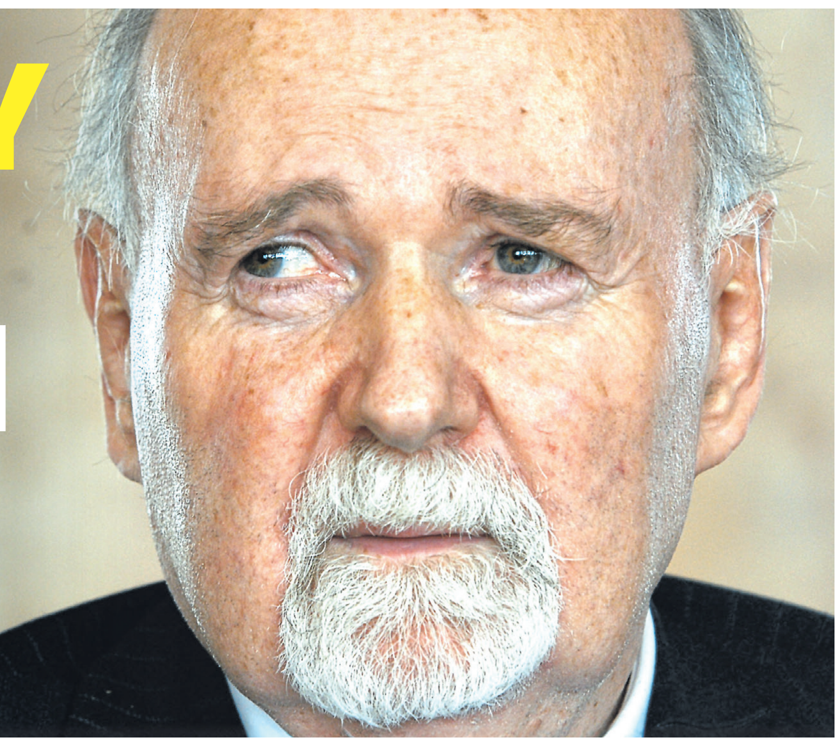
Business Post

May 11-12, 2025 • Vol 38 No 19 • businesspost.ie • Price €4.90

'TAYLOR MADE'

The Irish duo behind Rixo, the brand worn by Taylor Swift

Life&Luxury



'HIDEOUSLY FLAWED' FINGLETON ON TRIAL

CATHERINE SANZ Page 5

TROJAN HORSES: LEFT'S STRATEGY IS HURTING IRISH DEMOCRACY

Shane Coleman Page 18

MISSION IMPOSSIBLE FOR BUFFETT'S SUCCESSOR

Vincent Boland Page 19

Metro Boss: 'Grievous' impact of mega-build will be worth it

• 'Nation-building' project will transform lives of Dubliners, but cost overruns of 40%

DANIEL MURRAY
POLICY EDITOR

The MetroLink, Dublin's proposed underground railway, could go 40 per cent over budget and leave many homes and businesses "grievously impacted", its programme director has warned.

In his first interview since taking office, Dr Sean Sweeney, the New Zealand mega-project engineer, said the most recent 2021 cost estimates of €9.6 billion will have risen due to construction inflation and that the 2035 deadline is likely to be missed.

"Now, since 2021 we have had well north of 20 per cent construction escalation. So do the math," Sweeney said. "The price is going to be some result of that simple multiplication. But we're doing that work now."

Sweeney, who was announced as MetroLink's programme director in June 2024, said the government will have to face down fierce public opposition to Dublin's MetroLink as it impacts on communities. "I deliver what I call 'nation-building projects', which make countries better," Sweeney said. "You leave the country better off. But that doesn't mean everyone is untouched. Some people get touched. Some people get grievously impacted. But the nation or the city is better off."

However, he said in his experience, public hostility to major projects like this disappears once they open, meaning political courage will be needed to get to that point.

On current cost estimates, Sweeney confirmed the cost of MetroLink was already likely to have grown from the best-case estimate of €9.5 billion made in 2021 to somewhere above €11.5 billion.

But Sweeney nevertheless admitted whatever the estimate ends up being, it will be exceeded, a fact he said the government and the public must grasp.

"There's been research on major rail projects, and as a global category, they on average come in about 40 per cent over cost, and this is across lots of projects," he said.

"These are just too big for human beings to see that far over the horizon ... [MetroLink] is a big project, and we're going to encounter things that we didn't realise existed."

The project was due to be completed by 2035, but that timeline has also slipped.

"Any date I give you, until we sign up our major contractors, they are all estimates. Because the people that set the cost and the timeframe are your builders, and they might look at our dates and say 'no way'. Or they might say, 'we can take a year out of that'," Sweeney said.

Finding a construction firm in the international market that can handle a mega-project like MetroLink is what Sweeney considers to be the greatest challenge he faces in the months ahead.

Ireland has "nowhere near" the domestic construction capacity to build MetroLink, so it must look to the international construction market, he said.

With $1.4 trillion worth of mega-projects on the books around the globe, $180 billion of which are metro projects,

> **The international construction market is not sure. If they don't come we are dead in the water**

Sweeney said that market is already crowded, and Ireland is not seen as attractive.

"The thing that's concerning me the most at the moment is getting an adequate response from the international construction market. Because if we don't, we're dead in the water," he said.

"Now, at the moment, the international construction market is not sure about this project. It's been cancelled once ... the government looks like it's been treating this as a business-as-usual project, which it's not. So international firms look at that and ask: are we going to spend money and effort chasing this or not?"

Sweeney said Ireland moved much slower on infrastructure than the jurisdictions he has operated in.

"I noticed as soon as I got here, things take longer. And it's not a simple answer ... it's a multitude of factors. And it costs Ireland. I don't have a magic wand to sort that out. And it's not going to be sorted out overnight. Maybe it'll never be sorted out," he said.

First mooted in 2000, the 20 kilometre proposed underground line between Swords and Dublin city has been launched three times, but repeatedly cancelled or delayed by successive governments, most recently in 2011 during the financial crash.

Full interview page 6

Musk's X builds up €240m of Irish benefits to cut future tax bills

KILLIAN WOODS

Elon Musk's X has slashed its Irish tax bills and built up more than €240 million worth of tax benefits from depreciating billions of euro worth of intellectual property (IP) it moved into Ireland, the *Business Post* can reveal.

Other tech firms with operations in Ireland, including Workday and Oracle, have used similar practices to significantly reduce their taxable income in Ireland, an investigation by the Business Post and UCD researchers led by Professor Aidan Regan has found.

The value of intellectual property held by tech companies in Ireland has surged from $41.2 billion in 2014 to $341.96 billion as of the end of 2023.

The movement of more than €7.9 billion worth of intellectual property into Twitter International Company in 2019 was a significant contributor to the surge of IP linked to tech firms in Ireland. These firms have booked large tax credits and benefits from amortisation – depreciation of intangible assets– of the IP moved into Ireland.

Twitter International Company, which was renamed as X Internet Unlimited Company following Musk's takeover, has built up more than €244 million worth of tax benefits that the firm can offset against taxable profits recorded in the future.

In 2018, the year before the IP was moved into the firm, the company recorded a corporation tax bill of €2.9 million. The financial accounts show it also incurred tax bills in both 2016 and 2017 of €3.5 million and €3.9 million respectively.

In 2019, after the IP was moved into the company, X's Irish subsidiary became loss-making as a result of the amortisation of the assets, which has meant the firm was not subject to any corporation tax in 2019, 2020, 2021 or 2022. The annual tax credits banked by the firm since 2019 have varied between €5.9 million and €89 million.

In 2019, Workday and Oracle also moved $5 billion and $12.5 billion respectively into subsidiaries the companies control in Ireland.

Workday Limited, Workday's Irish unit that was previously profitable before $5 billion of IP was shifted into the company, has also started to book hundreds of millions of dollars in losses from the amortisation of the IP moved into Ireland.

Workday Limited's IP has been depreciated by close to $1 billion since 2019, which led the firm to recording losses and allowed it to build up $14 million worth of tax credits in Ireland.

Oracle has also used the amortisation of its IP by $3.5 billion in the years after the assets were moved to Ireland to erode profits and minimise tax expenses, but the firm has continued to record an operating profit in Ireland and not converted its amortisation into tax credits.

The Business Post contacted each company for comment on why they moved large amounts of IP into Ireland. X and Oracle did not respond.

A spokeswoman for Workday said 80 per cent of its employees in Dublin are focused on product and technology development. She said it operates "in full compliance with Irish law".

Full story pages 8-9

19
9 770791 261379

Inside X's €8bn Irish gambit and Big Tech's IP billions

X is one tech company which has benefitted from onshoring IP into Ireland, and has banked almost €200 million in tax benefits as a result

Killian Woods
Business Journalist of the Year

To the untrained eye, the final line of Twitter's, now X's, Irish financial accounts for 2018 would have seemed quite inconsequential when they were first published.

Tucked away on page 30 of the filings for Twitter International Company, released in 2019, was a brief disclosure by the board.

It said as of June 27, 2019, they were "exploring the possibility of acquiring certain IP (intellectual property) rights to develop, promote, expand and maintain a real-time information service for users and advertisers worldwide, excluding the Americas".

It took a year for the true scale of what the company was planning to emerge – when it was disclosed in the next set of accounts – but in actual fact it all happened the next day.

On June 28 of that year, €7.9 billion worth of IP was onshored into Twitter International Company in Ireland, which was reported by Irish media in 2020.

An investigation by the *Business Post* and UCD researchers has now revealed that the gambit has been a major success for the company, which was renamed as X Internet Unlimited Company following Elon Musk's takeover. While the movement of huge amounts of IP to Ireland has led to a corporation tax boom, some companies have amortised the value of its IP, and in the process, cut their tax bills.

In the past six years, X has morphed from a profitable taxpayer into a loss-making entity that has banked close to €200 million in tax benefits as a direct result of the IP movement.

IP gambit

In the three years before X's Irish entity took on almost €8 billion of IP, it was a profitable operation. On an annual basis, it booked operating profits of between €10 million to €18 million. That all changed in 2019. The firm started to record large operating losses worth hundreds of millions of euro on an annual basis, with a loss of €963 million recorded in the most recent accounts for 2022.

The losses came about as a result of amortisation of the IP moved into Ireland. That amortisation, which drove up operating expenses at the firm, eroded the profits of the company and contributed to it booking losses each year. Amortisation is an accounting technique used to allocate the cost of fixed and intangible assets over the course of its useful life.

The year the IP was moved into Ireland, the company amortised the value of its IP by €263.7 million, which helped the firm record a tax benefit of €22.9 million in the year.

The amortisation has continued ever since, with the original value of the IP depreciated by the company by almost €2 billion since it was moved into Ireland.

That amortisation, and losses linked to this activity, has helped the firm accumulate €244 million worth of tax benefits since 2019.

This balance sheet play by X was by no means unique to the firm. In fact, it was simply one of a score of tech companies getting in on the action.

In the same year, X moved its IP to Ireland, Workday also onshored €5 billion worth of IP into the country.

In a similar fashion to X, Workday's profitable Irish unit has started to book hundreds of millions of dollars in losses as it amortised the value of the IP by close.

Since 2019, the IP held by its Irish subsidiary Workday Limited has been depreciated by close to $1 billion. This amortisation has, in turn, allowed the Irish firm to book losses that led to €14 million in tax credits in Ireland.

In 2019, Oracle also shifted close to $12.5 billion of IP to Ireland, and similar to X and Workday, it also used the amortisation of its IP by $3.5 billion in the following years to erode profits and minimise tax expenses, albeit it has not converted this activity into tax credits.

The Business Post contacted each company to comment on why they moved large amounts of IP into Ireland. X and Oracle did not respond.

Trump's dilemma

A spokeswoman for Workday said 80 per cent of its employees in Dublin are focused on product and technology development. "We're proud of our strong presence in Ireland as we continue to grow our business, support the local economy, and operate in full compliance with Irish law."

The moves by X, Workday and Oracle have significantly contributed to the value of intangible assets held by tech firms in Ireland surging. Back in 2014, the value of IP held by tech firms in Ireland was $41.2 billion.

Within a decade, the value of tech firm's IP had ballooned to $341.96 billion by the end of 2023.

The movement was partly prompted by international tax reforms, such as the OECD's base erosion and profit shifting (Beps) scheme to combat tax avoidance by multinationals.

The IP has landed in Ireland due to the country's favourable tax environment and the capital allowances for intangible assets (CAIA) scheme, which allows firms to deduct costs connected to IP from taxable income.

The Tax and Jobs Act (TCJA) of 2017, enacted by Donald Trump during his first term, also introduced major reforms that helped some of this IP onshoring by, in some instances, incentivising large multinationals to shift intangibles offshore.

Trump's administration doesn't draw attention to its indirect role in getting IP into Ireland, but are loud about wanting it back. Howard Lutnick, the US secretary of commerce, has made clear in very strong terms that Ireland is in the

Analysis

The ground is shifting from economic model – it's time

Aidan Regan

The evidence doesn't support Donohoe's argument that 'substance is located here'

Since the closure of the 'double Irish' scheme in 2015, nearly $1 trillion in IP-related assets have been shifted into the Irish subsidiaries of US multinationals.

This transfer has driven an extraordinary boom in corporate tax revenues. But beneath the surface lies a central question: do these monetisation rights genuinely create the substance needed to justify the profits booked in Ireland?

Paschal Donohoe, the finance minister, says they do.

"The substance is located here," he told the *Business Post* last week. He argued that multinationals have moved IP rights to Ireland because of their long-standing presence, and that "it is in their interest to have the ideas behind their success located here as well".

But this glosses over a deeper truth: what mostly resides in Ireland is not the intellectual property (IP) itself, but the rights to monetise it: financial instruments designed to reroute global profits with minimal local activity.

The closure of the double Irish – a structure that routed profits through paired Irish and Caribbean entities to avoid tax – was meant to end such games. But multinationals adapted.

The 2017 US Tax Cuts and Jobs Act (TCJA), combined with changes to Ireland's capital allowances regime, created a new incentive to house IP-licensing rights in low-tax jurisdictions. Ireland became the jurisdiction of choice.

Instead of transferring ownership of ideas, patents or software, most companies began licensing monetisation rights to Irish subsidiaries. These rights are treated as intangible assets. They appear on Irish balance sheets, justifying the recording of profits that are often generated elsewhere.

Between 2014 and 2021, the book value of intangibles held by Irish entities nearly tripled – from $386 billion to $967 billion. Over the same period, corporate tax receipts surged.

Substance on paper

In 2024, Ireland collected €28 billion in corporate tax, up from just €4 billion a decade earlier. These windfalls now prop up the Irish exchequer. But they rest on fragile accounting arrangements.

This strategy hinges on a powerful accounting technique. In Irish tax and general law, patents and licences are treated as distinct assets because they can be independently owned, transferred or valued.

A multinational can therefore hold the underlying IP in the US while assigning the right to monetise it elsewhere to an Irish subsidiary. The US parent retains control of research and development (R&D), while the Irish entity books international income, claims the profits, and pays little tax – often due to amortisation deductions and intercompany charges.

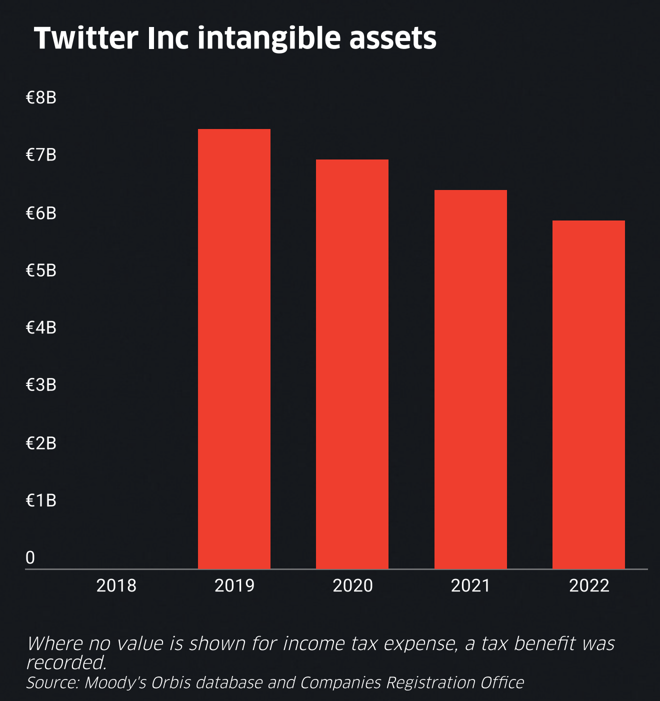
Multinationals argue that this creates real substance. Irish subsidiaries participate in cost-sharing, manage IP licensing, employ local staff and hold board meetings in Dublin.

But in practice, the scale of profits booked often far exceeds the substance of local operations. Take Abbvie Manufacturing Management Unlimited Company: in 2023, it booked $5.1 billion in revenue with just 79 employees. Profits were wiped out by amortisation and related-party expenses, resulting in a tax loss.

These arrangements run counter to the spirit of international tax reform. The OECD's post-Beps guidelines introduced the Dempe framework, requiring that profits from IP be aligned with the functions of development, enhancement, maintenance, protection and exploitation. Legal ownership alone no longer suffices.

But multinationals have adapted. Irish subsidiaries now "tick the boxes" for Dempe compliance: formalising functions, creating paper trails and engaging in cost-sharing arrangements. Yet the economic reality remains unchanged. The innovation still happens in California, Illinois, or Shenzhen. What's in Ireland is not substance, but legal scaffolding.

Successive Irish governments have



crosshairs of the Trump administration.

He said Ireland is running what he described as a "tax scam" and punitive measures are coming to make US firms their IP home, including tariffs on goods imported into the US and new policies under the America First Trade Policy.

Adam Leaver, a professor at Sheffield University, has researched tax planning and intangible asset movements by tech firms as part of his work with the Audit Reform Lab.

He said Trump has signalled intentions to make IP move back to America, but it faces a "dilemma" about actually implementing them.

"I think it poses a bit of a dilemma for Trump, actually. It very much depends on how you understand the Trump project," he said.

"Is it about trying to repatriate profits that are being hidden away in other parts of the world and bringing them back to the US? Or is it an elite project, which requires support from a particular portions of the economic elite over in the US, like tech firms and pharmaceutical firms, who stand to benefit if it is left the same?

"However, he has surrounded himself by tech bros, and I would imagine that there is therefore a dilemma about whether you want to act in a way which is diametrically opposed to their interest."

Many of the tech firms that have contributed significantly to the massive rise in IP in Ireland are led by Trump allies.

X is controlled by Elon Musk, a close confidant of Trump who has significant sway over the US president's economic and social policies.

Larry Ellison, the chief technology officer of Oracle, has also been a close ally of the US president, donating to his presidential campaigns. David Duffield, who was the co-founder and chief executive of Workday, and has since exited the company, also donated to Trump's political campaigns.

Leaver said it is unclear whether Trump is actually willing to move against his business sector allies who stand to lose from policies that address Ireland's so-called "tax scam".

"The outcome and if measures are imposed will be quite revealing about what the Trump project actually is about," Leaver said. "And that's still a bit of an unknown."

The numbers

€7.9bn

Of IP was onshored into Twitter International Company in Ireland in 2019

€5bn

Worth of IP onshored to Ireland by Workday

€12bn

In 2019, Oracle moved close to $12.5 billion of IP to Ireland

under our paper-thin we woke up to the risks

Paschal Donohoe: firms moved IP to Ireland for good reason Fergal Phillips

encouraged this model. Under the capital allowances regime, companies can deduct the cost of acquiring intangible assets from their taxable income.

What makes Donohoe's claim of substance particularly difficult to sustain is that it directly contradicts the Irish government's own legal argument in the Apple state aid case.

Then, Ireland insisted that Apple's profits should not be taxed in Ireland because the value was created in the US. The economic activity in Ireland, the state argued, was not substantial enough to justify taxing those profits. That argument remains as valid now as it was then.

What has changed is not the economic activity, but the legal form. IP monetisation rights now sit in Irish-resident entities, supported by modest staffing and legal scaffolding. But the underlying innovation, strategy, and risk-taking still reside elsewhere. Ireland is not the source of these profits, it is the place they are booked.

Mirage of prosperity

No other country has had to invent a new income measure to filter distortions caused by multinational tax.

In 2023, Ireland's GDP per capita soared to $106,460, making it one of the richest countries in the world – on paper. Most Irish citizens know this is a fiction. It reflects the accounting structures of foreign firms, not the income of Irish households or the output of domestic industry. The GNI* gap alone disproves the minister's claim that profits booked in Ireland reflect meaningful substance.

Now the ground is shifting: the Trump administration has explicitly attacked this model. Howard Lutnick, the US commerce secretary, has labelled Ireland's tax regime a "scam".

This is no longer a quiet dispute over accounting practices. It is a direct confrontation over who gets to tax the value created by US multinationals.

What is at stake here is not just fiscal risk or the durability of Ireland's tax boom. It is the definition of substance. The Irish government claims that licensing rights and corporate presence amount to sufficient substance. But most of these rights are financial instruments, not the products of real economic activity in Ireland. The legal structures are elaborate. The balance sheets are large. But the value is created elsewhere.

Ireland's IP boom is not fake. The assets exist. The taxes have been paid. But in economic terms, it is a mirage. These are not Irish profits. They are profits parked in Ireland. What the model offers is not sustainable growth or prosperity, but a temporary share of global rent flows, dependent on favourable politics and creative accounting.

Substance is not something that appears on a balance sheet. It is what links income to real work, real productivity growth and real innovation. By that measure, Ireland's model fails. It does not lift real wages for most of the population. It rewards Ireland's willingness to be a sink location for global profits. That is legal. But it is not substance.

Aidan Regan
is professor of political economy at University College Dublin

Analysis

The real danger for Ireland is not tariffs – it's the day the US turns off the corporate tax tap

Ian Guider The firms who benefited from the great IP transfer, and whose profits fuel our tax boom, will move

For months now, the economic conversation has been dominated by trade tariffs. And for good reason. The world has become destabilised from the decades-old anchor of free trade by Donald Trump and his obsession with the imposition of tariffs to remake America's economic relationship with other countries and rebalance the flow of jobs from US shores. It is a real threat to global economic stability.

Tariffs matter for Ireland. The giant pharmaceutical factories that dot cities and towns across the country are an outward expression of our success as a global hub for foreign direct investment that provides well-paid jobs to tens of thousands of people. Tariffs also matter for the hundreds, if not thousands, of smaller Irish companies that sell their goods into the US.

Tariffs, however, do not pose the biggest danger for Ireland. What really matters to the economy doesn't go on in those factories or even in the ultra-modern offices of tech companies.

It is done in dozens of obscure firms set up over years by an army of the finest lawyers and accountants employed by multinationals to make something much more important. It is to house and shield their most valuable assets. What is the real secret sauce that makes these companies so profitable? Their intellectual property, royalty agreements and licensing arrangements that provide the basis for the vast chunk of the profits they generate.

As the *Business Post* and Aidan Regan's Democracy Challenged research project last weekend revealed, the full scale of intangible assets on the balance sheets of various multinational entities is enormous – a staggering $967 billion.

The state's piece of the pie is the corporation taxes that are paid here and not back in America.

We've known for years that tech, social media and pharma giants have been using gaps in global tax agreements to shift vast profits around the world to lower their liabilities. What the Business Post and Democracy Challenged uncovered is that you would have been foolish not to be part of this and few weren't taking advantage.

Consider VMware, a cloud computing company now owned by Broadcom. It passed almost $40 billion through one Irish-registered firm, while Coca-Cola saw the level of intangible assets in one of its entities surge in the space of a year from $87 million to more than $25 billion.

This process didn't happen by osmosis. It was clever people using an opportunity that was meant to get rid of Caribbean havens to put the assets elsewhere. Ireland just happened to be the beneficiary.

The upshot of it was the turning on the taps that brought in unprecedented amounts of cash from corporation taxes that have been used to run the country since.

So while we're obsessed by the latest skirmish with the US administration and its Maga cheerleaders on tariffs, the real concern should be if their attention shifts to corporate tax strategy in the upcoming legislation it is attempting to pass through congress.

It's a conversation companies are already having.

Take the drugmaker Eli Lilly, which has become extremely profitable thanks to its wonder weight-loss and diabetes jabs Mounjara and Zepbound, and houses a significant level of IP in Ireland. During Eli Lilly's first quarter earnings conference call earlier this month, the word tariff is mentioned on 14 occasions. Tax is mentioned 15 times.

Unintended

Its chief executive Dave Ricks disagreed with the US government's tariff approach to encourage companies to bring back investment and suggested better ways to achieve their aim.

"We support the US government's goals to increase domestic investment. However, we don't believe tariffs are the right mechanism. Enhanced tax incentives and/or the extension of the Tax Cut and Jobs Act are better tools to achieve their goals," Ricks said.

That Tax Cut and Jobs Act passed during president Trump's first term had the unintended consequences of facilitating companies offshoring IP to low-tax jurisdictions like Ireland. At a stroke of a pen, the US could reduce its corporation tax rate and offer companies incentives to bring their assets back home.

Irish officials will no doubt point to exit penalties in the legislation to make it unpalatable for companies to do this quickly. But it's not beyond the minds of the lawyers and accountants who devised these schemes to find ways around it if the need arises. The companies who benefited from the great IP transfer will move again if they have the right motivation.

John McCarthy, the chief economist at the Department of Finance, noted in his presentation on the annual progress report (previously known as the Stability Programme update) last week that the next big shock to Ireland could be "more fiscal than economic".

Which makes it even more surprising that we're continuing to spend money even with these risks on the horizon. In the first four months of this year there would have been a budget deficit of €500 million were it not for the additional funds received from the Apple escrow account, according to McCarthy's presentation.

Ireland's reliance on multinational profits has driven a golden age of tax receipts. It's a fragile boom. If Washington decides to crack down on IP havens, the reaction could be swift and severe.

For a country that has built its fortunes on foreign investment, the real danger isn't tariffs, it's the day the tax tap gets turned off. And now we know exactly how much is at stake.