



Brexit - Implications for Asset Finance in Ireland

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While the UK has voted to leave the European Union, the exact terms of what the exit will look like will only become apparent over the course of some years. Asset finance and more specifically aviation finance is not an area which is heavily regulated by EU law and therefore the effect of Brexit on the industry from an Irish perspective will be minimal.

Any changes to the legal environment surrounding the aircraft and asset financing industry in Ireland will only become apparent once the negotiations to leave the EU are commenced by the UK and the start of such negotiations are not yet known. Even then, while EU law suggests a 2 year negotiating period to withdraw, many commentators predicate it could take far longer to fully complete and fully understand what the final exit terms will actually look like. As of now, it is extremely difficult to say what direct legal impact on asset finance and asset leasing in Ireland the result will have, if indeed any.

For the moment our assessment is that Brexit is likely to have limited impact on the assets and aviation finance industry in Ireland for the following reasons:

- » The ratification of the Cape Town Convention by both Ireland and the UK will not be affected by the referendum result;
- » Ireland's continued membership of the EU should mean no change to the level of finance activity flowing through Ireland and Irish based companies;
- » The referendum result will not affect the ability of UK based financial institutions to lend to Irish based companies;
- » The referendum result will not affect the ability of Irish based aircraft leasing community to repatriate funds to the UK;
- » The traditional security package taken in respect of aircraft financing/leasing transactions will not be affected by the referendum result; and
- » The referendum result will not affect the ability of Irish based companies to lease aircraft to the UK.

Ireland and the EU

While the decision of the UK to leave the EU is regrettable, it is important to note that Ireland has no such plans to leave the EU. Ireland is a completely separate jurisdiction to the UK and as such is a completely separate member of the EU and will continue to be so, the UK's referendum decision in no way affects Ireland's continued membership.

Ireland is a committed member of the EU and will be working with its EU partners to maintain its membership and negotiate with its EU partners, on a joint basis, the terms of the UK exit.

It is also important to note that Ireland and its successive governments are committed to maintaining its 12.5% corporate tax rate; to maintaining and building on its now 70+ double tax treaties with important trade partners around the world which include the USA, China and the rest of the EU; and to maintaining its market leading position as an attractive jurisdiction in which to finance and lease aircraft and other assets from and to the rest of the world.

As such, we will be actively monitoring the situation as it unfolds over the coming months and years and will provide clients with advice and analysis on any implications for the asset financing community in Ireland as they become clear.



Contacts

If you have any queries on the above or would like to discuss in more detail please do not hesitate to contact us or your regular Walkers contact.



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This advisory is part of a series of client advisories on the potential impact of Brexit prepared for clients of Walkers' office in Ireland. The full series may be found in the Brexit section of our website.

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