



## Minutes

---

**Subject:** Minutes of Tenth Meeting of Commission on Taxation and Welfare

**Date:** 5 November 2021

**Time:** 9:20am – 12:40 pm

**Venue:** WebEx video conference and NECC

In attendance:

**Commission Members:** Professor Niamh Moloney (Chair), Aoife Ní Lochlainn\*, Anne Vaughan, Dr. Barra Roantree, John-Mark McCafferty, Marie Bradley, Philip Brennan, Philip Kermode, Rena Maycock\*, Rowena Dwyer, Sandra Clarke and Tom McDonnell.

Apologies: Fergal O’Brien and Dr. William Hynes.

**Secretariat:** Colm O’Reardon, Gary Hynds, Sinéad Ryan, Aileen Foley\*, Áine Griffin\*, Anne Marie Doherty\*, Colin O’Connor\*, Deirdre Ní Alluráin\*, Hugh Cronin, Liam Cunnane, Lynda O’Keeffe\*, Mairéad Ross, Oisín Tarrant and Paul Dockery\*.

\*attended via WebEx

### 1. Welcome and Introduction

The Chair opened the meeting and noted the progress on the public consultation and her appearance at the Oireachtas Committee on Budgetary Oversight on 3 November. She then briefly outlined the agenda.

### 2. Minutes

The draft minutes for the meeting of 22 October 2021 were approved.

### 3. Social Insurance

A Secretariat paper “Social insurance – design questions, operation, financing and sustainability” was circulated in advance of the meeting to facilitate discussion by the Commission. A summary of the NESC report No 151 “The Future of the Irish Social Welfare system: participation and protection” was also provided.

Topics emerging from this discussion included:

- Design choices for income support and the differences between social insurance, social assistance and universal payment systems,
- The contributory and solidarity principles underlying social insurance,
- Contribution levels and benefits received under various PRSI classes,
- Understanding European social and labour market models,
- The financial sustainability of both the Social Insurance Fund and the Exchequer, and
- Interactions of social welfare and tax systems.

#### **4. Employment Disincentives**

A Secretariat paper “Employment disincentives in welfare and tax system” was circulated in advance of the meeting.

Discussion by members considered features of the tax and welfare systems that may act as barriers to participation in the labour force. Topics discussed included:

- The principles and uniformity of social assistance means-testing criteria,
- Step-effects in the charge to PRSI,
- The income tax bands and credits available to married one-earner households, and
- Secondary benefit schemes such as medical cards, childcare and housing assistance payments.

#### **5. Tax Expenditures**

A Secretariat paper “Tax Expenditures – Data analysis and proposed approach” was shared in advance of the meeting.

The members agreed that it would not be practical from an efficiency or timing perspective to review all tax expenditures and that such an exercise was not required under the Terms of Reference (TOR). Instead, it was agreed that focus would be directed towards reviewing the most expensive and/or significant tax expenditures as relevant to topics being addressed in the TOR, as well as strengthening the overall process for the review of expenditures in the future. Members discussed how a robust and resilient tax expenditure review process could ensure that only effective tax expenditures are introduced or continued. It was also agreed to examine pension related tax expenditures in more detail.

#### **6. AOB**

The recently received request from Government to examine the revenue raising recommendations of the Pensions Commission was also referenced, noting the members had been asked to issue a response by February 2022.

## Specific Action Points

Colour Code:

Completed

In progress

Ongoing/Repeated Action

Not Started

CONFIDENTIAL AND NOT FOR WIDER CIRCULATION UNTIL APPROVED

ID	Action	Lead	Deadline	Status
Ref#	Brief summary of action point	Secretariat, Chair with Secretariat, DFIN, Other	Meeting X, May- 21, Other	Completed, In progress, Not started, Other
COTW01	Commission Membership to return signed principles and procedures document	Commission	18 June 2021	In progress
COTW02	Decision Time training session	Commission	9 June 2021	Completed
COTW03	Issue papers for meeting 2.	Secretariat	9 June 2021 (with Chair) 11 June 2021 (with Commission)	Completed
COTW04	Devise detailed project plan	Secretariat	N/A (On-going)	In progress
COTW05	Respond to follow up requests from meeting 2	Secretariat	25 June 2021	Completed
COTW06	Circulate Minister Heather Humphrey's speech to Commission members	Secretariat	23 July 2021	Completed
COTW07	Draft outline of public consultation and circulate same to Secretariat	Secretariat	3 September 2021	Completed

COTW08	Prepare paper on high level design principles of a taxation and welfare system	Secretariat	10 September 2021	Completed
COTW09	Gather feedback from members on consultation questions	Secretariat	10 September 2021	Completed
COTW10	Finalise public consultation structure and questions	Secretariat	24 September 2021	Completed
COTW11	Prepare follow-up briefing note on tax levers for public health	Secretariat	8 October 2021	In progress
COTW12	Draft paper on Commission approach to review of tax expenditures	Secretariat	8 October 2021	Completed
COTW13	Prepare briefing on tax expenditure review process and draft recommendations for reform	Secretariat	26 November 2021	Completed
COTW14	Update to high level design principles paper on foot of feedback from Commission	Secretariat	8 October 2021	In progress
COTW15	Prepare follow up briefing notes on options regarding changes to the social insurance system.	Secretariat	17 December 2021	In progress
COTW16	Prepare Property Tax workshop for meeting on 26 <sup>th</sup> November	Secretariat	26 November 2021	In progress