



Minutes

Subject: Minutes of Fifth Meeting of Commission on Taxation and Welfare

Date: 3 September 2021

Time: 9:20am – 1:10pm

Venue: WebEx video conference and NECC.

In attendance:

Commission Members: Professor Niamh Moloney (Chair), Marie Bradley, Philip Brennan, Sandra Clarke, Rowena Dwyer, Philip Kermode, Aoife Ní Lochlainn, Rena Maycock, John-Mark McCafferty, Tom McDonnell, Fergal O’Brien, Barra Roantree and Anne Vaughan and Dr William Hynes (via Webex).

Secretariat: Colm O’Reardon, Gary Hynds, Sinéad Ryan, Lynda O’Keeffe, Colin O’Connor and Áine Griffin and Mairéad Ross, Oisín Tarrant, Deirdre Ní Alluráin, Aideen Foley and Lara Mullen (via Webex).

Presenter: David O’Sullivan, Head of International Tax in the Department of Finance

1. Welcome and introduction

The Chair, Niamh Moloney, opened the meeting and briefly outlined the agenda.

2. Minutes

A request was made to amend the draft minutes from the meeting of 9 July 2021, which will be circulated at the next meeting for approval.

3. International tax landscape

A Secretariat paper “Overview of corporation and international tax landscape” was circulated in advance of the meeting to facilitate discussion by the Commission.

There was a presentation from David O’Sullivan, Head of International Tax in the Department of Finance, on the corporation and international tax landscape. Mr O’ Sullivan spoke about the ongoing discussions and engagement at the OECD and EU level in relation to international tax matters,

together with US policy influences. This included an update on recent discussions of the BEPS Pillar 1 and Pillar 2 proposals to implement minimum effective corporation tax rates and reallocate profits of large corporations to market jurisdictions. The presentation explained the progress Ireland has made to date in reforming and modernising its corporation tax regime in line with international developments, as well as expectations for future engagement at international level and the potential impact of same on Ireland's tax policy.

The Chair thanked Mr O' Sullivan for his contribution and opened the floor to the Commission for the main policy discussion.

Topics emerging from this discussion included:

- The importance of maintaining Ireland's international competitiveness while also supporting smaller indigenous firms.
- Recognition that the changing international tax landscape will impact on the Irish corporate tax regime in particular and potential Exchequer revenues.
- Due to upcoming discussions planned in Q4 2021 at the international political level there may be merit in delaying a more extensive review by the Commission of this subject until the outcome of those discussions is known. Further briefing will be organised for the Commission as developments progress.

4. Public health

A Secretariat paper "Public health, taxation and welfare" was circulated in advance of the meeting to facilitate discussion by the Commission.

Topics emerging from this discussion included:

- The impact of poor public health on the healthcare system and Exchequer spending.
- Linkages between taxation and behavioural change, e.g. as regards 'sin' taxes such as taxes on alcohol, tobacco products and sugar sweetened drinks.
- Equity concerns and the impact of potentially regressive tax measures on lower income households.
- Consideration as to how best to approach improving public health using tax policy levers and potential trade-offs with revenue raising measures.
- Linkages between public health and other topics within the Commission's terms of reference, including but not limited to environmental issues.

5. Tax expenditures

A Secretariat paper "The process of reviewing taxation measures and expenditures" was circulated in advance of the meeting to facilitate discussion by the Commission.

Topics emerging from this discussion included:

- Differing approaches to how a benchmark tax system should be defined.
- The merits of the tax expenditure review guidelines currently in place and the implementation challenges given practical constraints (data, time and staff resources).
- The extent and cost, or lack of data thereon, of various tax measures and expenditures currently in the Irish system.

- The evaluation process for tax measures and expenditures, both at proposal stage and post-implementation.

6. Public consultation and stakeholder engagement

A Secretariat paper “Dialogue on the future of tax and welfare in Ireland: Public consultation and stakeholder engagement proposals” was circulated in advance of the meeting to facilitate discussion by the Commission.

The Chair noted this topic will also be discussed at the next two meetings scheduled.

Topics emerging from this discussion included:

- The merits and benefits of a public consultation and stakeholder engagement process and how these inputs can add value to the work of the Commission.
- The appropriate timing, language, format and structure of a public consultation.
- The options for engaging with the broadest number of stakeholders possible in an efficient and effective manner.
- The potential use of media and advertisements to publicise the consultation process.

7. AOB

None.

8. Specific Action Points

Colour Code:

Completed

In progress

Ongoing/Repeated Action

Not Started

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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	TBD	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	In progress
COTW10	Finalise public consultation structure and questions	Secretariat	24 September 2021	In progress
COTW11	Prepare follow-up briefing note on tax levers for public health	Secretariat	8 October 2021	In progress

Approved

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COTW12	Draft paper on Commission approach to review of tax expenditures	Secretariat	8 October 2021	In progress
COTW13	Prepare briefing on tax expenditure review process and draft recommendations for reform	Secretariat	26 November 2021	In progress