

## **Report of Tax Strategy Group (TSG) Meeting on 9<sup>h</sup> July 2019**

1. Mr. John Hogan (D/Finance, TSG Chairman) welcomed all attendees and outlined briefly the role and purpose of the Group and the papers. Included in the introduction was a short presentation by Mr. Brendan O'Connor (D/Finance, Economics Division) on the economic and budgetary context, setting out the Department's view of the current economic situation.

### **Corporation Tax**

(TSG 19/01)

2. The Corporation Tax paper contained an overview of trends in Corporation Tax receipts and an update on the commitments set out in the Corporation Tax Roadmap which was published in September 2018. It also referred to consideration of Ireland's position in the ongoing debate on international tax reform, the progress of the transposition of the Anti-Tax Avoidance Directives and the consideration of a number of domestic reforms which are aimed at supporting business activities in Ireland.

### **Real Estate Investment Trusts, Irish Real Estate Funds and S.110 Companies as they invest in the Irish Property Market**

(TSG 19/02)

3. It was noted that this paper arose from a commitment given by the Minister in the Dáil debates on Finance Bill 2018. The paper sets out each of the investment structures in detail providing clarity on the individual features of each structure and presents a picture of their activities in Ireland. It also considers available data on landlords and tenancies and on institutional investment in the State.

### **Income Tax**

(TSG 19/03)

4. Issues covered in this paper included a summary of tax yields, information on the distribution and burden of income tax and USC, international comparisons and an update on Income Tax related reviews.

### **5. Climate Action and Tax**

(TSG 19/04)

The paper gave an overview on energy taxes and set out the energy taxation options to address the need to further incentivise behavioral change towards greener alternative fuels and

modes of transport. Topics covered included carbon tax, motor vehicle tax, motor tax, home renovation incentives, aviation taxes and plastic tax.

### **Tax Incentives for SMEs**

**(TSG 19/05)**

6. This paper covered tax incentives for the SME sector, which were included in a public consultation event held in June 2019 as part of the preparations for Finance Bill 2019. The main issues covered were the Key Employee Engagement Programme (KEEP), the Employment and Investment Incentive (EII) CGT Entrepreneurs' Relief and R & D Credit.

### **Pay Related Social Insurance**

**(TSG 19/06)**

7. This paper was presented by the Department of Social Protection and examined issues including the financial position of the Social Insurance Fund (SIF), the impact of the main PRSI related measures introduced in Budgets 2017 and 2019 and the implementation of the PRSI income and expenditure commitments in the Programme for a Partnership Government. The paper also looked at the threshold at which employees become insurable for social insurance purposes.

### **Social Protection Package – Budget 2020 Issues**

**(TSG 19/07)**

8. The Department of Social Protection also presented this paper which examined the role of social transfers and presented the overall DSP expenditure in its various programmes and discussed Budget 2020 in the context of the expenditure ceiling and the Programme for Partnership commitments. The paper also presented a range of illustrative Budget measures with the distributive and poverty impact of these measures.

### **Value Added Tax**

**(TSG 19/08)**

9. Value-Added Tax (VAT) paper reviewed the rates and structures of VAT. The paper also provided options for change and looked at VAT developments at EU and domestic level.

### **General Excise Paper**

**(TSG 19/09)**

10. The General Excise Paper covered a number of topics including the Alcohol Products Tax, the Tobacco Products Tax, the Betting Tax and the Sugar Sweetened Drinks Tax. The paper outlined the Public Health Policy and the recent changes to the rates, yield and consumption. It also covered the effects of cross border trade and the illicit tobacco market. The Department of Finance review of the Alternative Betting Tax proposal was also included.

## **Brexit Preparedness – Taxation and Customs**

**(TSG 19/10)**

11. This paper considered the possible scenarios depending on the outcome of negotiations between the EU and the UK. It noted that the agreement, after 2 years of intensive negotiations, was endorsed by the European Council and passed to the European Parliament for consideration. The British Government also agreed the Withdrawal Agreement subject to approval by the UK Parliament. The paper provided an overview of preparations by the Government, the EU, the Department of Finance and the Revenue Commissioners.

## **Capital Gains Tax, Capital Acquisitions Tax, Stamp Duty (TSG 19/11)**

12. The paper provided an overview of the current position on Capital Gains Tax, Capital Acquisitions Tax, Stamp Duty and Wealth Taxes and considered potential options for Budget 2020.

## **Tax Expenditures**

**(TSG 19/12)**

13. The Tax Expenditure paper reflected on the current position *vís-á-vís* tax expenditures in Ireland and on the monitoring of those expenditures. The paper provided an overview of the structure and size of tax expenditures as well as a synopsis of the work done by the Parliamentary Budget Office and the Budgetary Oversight Committee.
14. The Chairman thanked all those who had prepared and presented Papers and those who had attended the meeting. It was noted that the Papers would be published shortly on the D/Finance website.
15. The attendance list for the meeting is attached.

**Rory O’Kelly**

**Secretary to the Group**

**30<sup>th</sup> August 2019.**

## **TSG Attendance List – 9<sup>th</sup> July 2019**

### **Department of Finance:**

John Hogan (Chairperson)

Gerry Kenny

Deirdre Donaghy

Joe Cullen

Pat Leahy

Brendan Crowley

Sceline Scott

Martin Lally

Brendan O'Connor

Rory O'Kelly (Secretary)

*Other members of the Department were present for parts of the meeting appropriate to their particular areas of work.*

### **Department of Public Expenditure and Reform**

Garrett O'Rourke

Niamh Callaghan

### **Department of the Taoiseach:**

John Shaw

Mary Clare O'Sullivan

John Carroll

Tony Williams (Independent Alliance)

### **Advisor to Independent TDs Naughten and Zappone**

Dónall Geoghegan

### **Office of the Revenue Commissioners:**

Jean Kennedy

Therese Bourke

Gerard Moran

Gerry Howard

**Department of Business, Enterprise and Innovation:**

John Newman

Felix O’Kane

**Department of Employment Affairs and Social Protection:**

Áine Maguire

Ciarán Lawler

Sean Reilly

Saidhbhín Hardiman

**Office of the Attorney General:**

Caroline Daly

**Department of Transport, Tourism and Sport:**

Aisling Dunne

**Department of Housing, Planning and Local Government**

Michael Hough (for paper TSG 19/02)