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An Roinn Airgeadais  
Department of Finance

Our reference: 2018-3(b)

17 September 2018

Mr Pearse Doherty, TD  
Leinster House  
Kildare Street  
Dublin, D02 A272

Dear Deputy,

I refer to Sinn Féin's second request to the Department for Budget 2019 costings (submitted to us on 7 August, 2018). I am pleased to enclose responses to all of the costings sought. Please note that the answers to costings 10 and 11 have been provided by the Department of Employment Affairs and Social Protection.

Please note that the costing exercise did not examine the interaction of individual measures with other tax and/or expenditure measures.

No account has been taken of the second round impact of measures proposed, such as their positive or negative impact on economic growth, job creation, inflation or their impact on tax buoyancy.

It should be borne in mind that under the preventive arm of the Stability and Growth Pact, until Ireland has reached its objective of a balanced budget in structural terms, we may not introduce discretionary revenue reductions, over and above the available fiscal space permitted under the expenditure benchmark, unless they are matched by other revenue increases or expenditure reductions. Accordingly, tax reductions may have to be offset elsewhere.

The costings, including those provided by or in conjunction with other Departments, are provided on the basis that at no time will the Department be represented as endorsing the proposals costed. Equally, the Department will not comment on the merits or otherwise of those proposals. Where caveats or assumptions have been made in this response, the Departments' positions on such issues must be accurately, fully and fairly represented.

The Freedom of Information Act 2014 does not provide for an exemption for the costings of political parties proposals. Costings prepared by the Department in the context of the Budget will be treated in the same manner as all other pre-Budget submissions/requests. As is normal practice, the Department will publish the responses issued to these requests on its website, redacting on the basis of the

Freedom of Information exemptions as appropriate. Costings prepared in the context of general elections or Programmes for Government will also be dealt with in accordance with relevant provisions of the Act.

If you have any queries on any of the above matters or costings, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Derek Moran', with a horizontal line underneath it.

Derek Moran

Secretary General

1. The cost of providing income tax relief of €450, €500, €750 and €1,000 to all renters currently living outside rent pressure zones, provided in tabular format, and broken down by renters per local authority area, in addition to a total figure of renters.
2. The cost of providing income tax relief of €450, €500, €750 and €1,000 to all renters currently living inside rent pressure zones, provided in tabular format, and broken down by renters per local authority area, in addition to a total figure of renters.
3. The cost of providing income tax relief of €450, €500, €750 and €1,000 to all renters currently living inside rent pressure zones, provided in tabular format, and broken down by renters per local authority area, in addition to a total figure of renters, assuming only those earning less than €40,000, €60,000 and €80,000 would be eligible.
4. The cost of providing income tax relief of €450, €500, €750 and €1,000 to all renters currently living outside rent pressure zones, provided in tabular format, and broken down by renters per local authority area, in addition to a total figure of renters, assuming only those earning less than €40,000, €60,000 and €80,000 would be eligible.
5. The cost of providing income tax relief of €450, €500, €750 and €1,000 to all renters currently living outside rent pressure zones, provided in tabular format, and broken down by renters per local authority area, in addition to a total figure of renters, excluding those currently living in local authority accommodation, or in receipt of Housing Assistance Payment or Rent Supplement.
6. The cost of providing income tax relief of €450, €500, €750 and €1,000 to all renters currently living inside rent pressure zones, provided in tabular format, and broken down by renters per local authority area, in addition to a total figure of renters, excluding those currently living in local authority accommodation, or in receipt of Housing Assistance Payment or Rent Supplement.
7. The cost of providing income tax relief of €450, €500, €750 and €1,000 to all renters currently living inside rent pressure zones, provided in tabular format, broken down by renters per local authority area, in addition to a total figure of renters, assuming only those earning less than €40,000, €60,000 and €80,000 would be eligible, excluding those currently living in local authority accommodation, or in receipt of Housing Assistance Payment or Rent Supplement.
8. The cost of providing income tax relief of €450, €500, €750 and €1,000 to all renters currently living outside rent pressure zones, provided in tabular format, broken down by renters per local authority area, in addition to a total figure of renters, assuming only those earning less than €40,000, €60,000 and €80,000 would be eligible, excluding those currently living in local authority accommodation, or in receipt of Housing Assistance Payment or Rent Supplement.

**For Q1-8, as rental income is returned to Revenue by landlords, rather than by rental payment information from the perspective of renters, and tax returns relating to rental income do not require the location of the rented property to be recorded, therefore there is no information available to Revenue from tax returns to assist with costing these proposals.**

9. The revenue that would be yielded from introducing a Withholding Tax at 0.1%, 0.5%, 1% and 5%, respectively, on the profit-yielding performances of foreign artists.

**Although foreign resident music artists have a liability to Irish tax on income arising from the exercise of their profession in the State, it is not possible to quantify the amount of income earned by foreign resident music artists here. The reason lies in the incidental number of days the individuals are present in the Republic of Ireland, which creates numerous practical difficulties associated with gathering data. For example, the vast majority of non-resident entertainers do not file an Irish tax return as they are not obliged to do so on an annual basis, unlike Irish tax residents.**

**Therefore, as it is not possible to quantify the amount of income earned by foreign resident music artists here, it is not possible to estimate the possible yield associated with the introduction of a withholding tax at the various rates outlined.**

10. Full year amount of revenue which could be raised if Ireland's rate of employer PRSI contributions was raised in line with the EU average or in line with Hungary, Belgium and France.

**The EU average for employer social insurance contributions is 22.21%. Employers in Ireland currently pay PRSI at 7.8% for employees earning up to €352 per week and 10.05% for employees with earnings above €352 per week (this does not include the 0.8% National Training Fund levy). Increasing both of these rates of employer's PRSI to 22.21% would yield additional revenue of €9,261.3 million in a full year.**

**It should be noted that the headline rates of social security and how social security systems across Europe operate are not directly comparable. For example, in Europe many elements of employer and employee contributions have monthly ceilings on those contribution rates, ceilings which do not exist in the Irish system. Across Europe social security contributions finance a range of contingencies which, in Ireland, are financed through the general taxation system. For example, in Belgium, social security contributions contribute to the cost of long-term care.**

11. The revenue that would be raised by each 1% increase to employers PRSI."

**Each 1% increase in both rates of employer's PRSI would yield an additional €753.8 million in revenue. This assumes that no behavioural change will result from the measure.**

12. The estimated saving that would accrue from moving the entire cost of regulation of the financial sector onto the industry

**The most recent estimate for the cost of regulation is for the year 2017 and is €185 million. There is no estimate available at present for 2018. Based on the existing funding from industry, moving to 100% funding by discontinuing subvention from the Central Bank, would mean estimated savings of €77 million in 2017. Certain bank regulation activities are paid for 100% by industry and others are paid at lower than 65% industry funding. Full details of the Funding of Financial Regulation activities is available in Note 41 on pages 224-226 of the Central Bank of Ireland Annual Report 2017 available here:**

<https://www.centralbank.ie/docs/default-source/publications/corporate-reports/annual-reports/2017-central-bank-annual-report.pdf?sfvrsn=2>