The Regional Group - An Grúpa Reigiúnach

Pre-Budget Submission 2022

Regional Group Pre-Budget Submission- Costing Request

Department of Finance

- Every Government Department and agency should include in its annual report metrics on remote working and outline actions to achieve the 20% Government target, and further actions to increase it thereafter.

  This proposal is outside the scope of the costings process, further clarification is needed as to what specific measures are meant to achieve this proposal.
- Extend the Help to Buy and Rebuilding Ireland Home Loan Schemes to include the refurbishment cost in addition to the capital cost of the house. In addition to the Help to Buy scheme provide €30,000 grant for first-time buyers purchasing existing property in a town or village with a significant residential vacancy rate.

  The cost of the proposals in relation to the Help to Buy scheme would depend the number of relevant properties, the capital costs and the costs of refurbishment, as well as the details of the applicants (such as their tax paid in the preceding 4 years). There is no data available to Revenue from tax returns on which to estimate these costs.

  [Note: the proposal regarding the Rebuilding Ireland Home Loan is not for this Department or Revenue and we have referred this part of the proposal to our colleagues in the Department of Public Expenditure and Reform].
- Incentivise the sustainability of a realistic remote working option for both employees and employers by providing tax incentives to reflect this changing work environment. The current tax regime for employees working from home is both inequitable and inadequate. Introduce an additional annual tax credit of €1,000 to individuals who work from home for at least 100 days per calendar year

  Based on the data currently available to Revenue in relation to the number of claimants of the Remote Working Relief in 2020, where the number of days was 100 or greater, the estimated cost of providing each of these individuals with a tax credit of €1,000 is approximately €68m.
- Provide targeted accelerated capital allowance to assist employers to facilitate employees to work remotely when it would be otherwise cost prohibitive to do so.

  This proposal is outside the scope of the costings process, further clarification is needed as to what specific measures are meant to achieve this proposal.
- Reform and restructure the Employment Investment Incentive Scheme (EIIS) to incentivise risk investment in business creation and growth in rural Ireland. EIIS scheme should be widened to cover all businesses in regional and rural Ireland making it easier to attract both entrepreneurs and investors.

  This proposal is outside the scope of the costings process, further clarification is needed as to what specific measures are meant to achieve this proposal.

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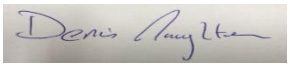
- Reform entrepreneur relief by bringing the threshold into line with the UK entrepreneur relief.
  It is assumed the submission is referring to altering the eligibility criteria in respect of entrepreneur relief. As information is not available in respect of disposals that would be allowed under the proposed changes, it is not possible to provide an estimate of the Exchequer cost.
- Extend the 50% excise relief benefit programme presently available to craft and microbreweries to cider brewers and other fermented beverage manufacturers.
  Data is not available that would provide an estimated cost of extending the 50% excise relief available to craft and microbreweries to cider brewers and other fermented beverage manufacturers .
- Adjust PRSI to eliminate the very high marginal PRSI rate on additional income in the PRSI transition Zone from €18,304 to €22,048.
  This question was amended to “What is the cost of the existing employee tapered credit?”. The cost of the existing credit (for the most recent year for which data is available) is €47 million.
- Increase from 30% to 32% the minimum effective tax rate for people earning €400,000+.
  It is assumed this proposal refers to the High Income Individuals Restriction. This restriction ensures that individuals with an adjusted income level of €400,000 or more (where the full restriction applies) pay an effective rate of income tax of approximately 30 per cent on a combination of adjusted income and ring-fenced income. It is tentatively estimated that the proposed change could increase yield by around €2m per year.
- Extend the tourism VAT rate of 9% to 2025.
  The Revenue Ready Reckoner, available at: https://www.revenue.ie/en/corporate/documents/statistics/ready-reckoner.pdf, shows on page 28 the cost of a number of VAT related measures including the annual cost of extending the 9% rate for the tourism and hospitality sector.
- Increase threshold to €500,000 from €335,000 for son/daughter of the disponer with similar percentage increases for other thresholds.
  The Exchequer impact of various changes to the Capital Acquisitions Tax rates is published on page 15 of the Revenue Ready Reckoner at link https://www.revenue.ie/en/corporate/documents/statistics/ready-reckoner.pdf. While the exact changes in the proposal are not shown in all cases, the Exchequer yield from the changes can be estimated from the published information.
- Reduce Capital Acquisitions Tax (CAT) from 33% to 25%.
  The Exchequer impact of various changes to the Capital Acquisitions Tax rates is published on page 15 of the Revenue Ready Reckoner at link

https://www.revenue.ie/en/corporate/documents/statistics/ready-reckoner.pdf. While the exact changes in the proposal are not shown in all cases, the Exchequer yield from the changes can be estimated from the published information.

- Extend inheritance tax rules to favourite niece or nephew.
  The estimated cost of extending the Category A threshold to favourite niece or nephew is €84.9m. This is on the basis of extending the threshold to all inheritances by nephews and nieces.
- Increase annual limit of the small gift allowance from €3,000 to €5,000 annually without having to pay Capital Acquisitions Tax (CAT).
  Data is not available to Revenue that would provide an estimated cost of increasing the small gift allowance from €3,000 to €5,000
- Encourage wider adoption of green incentive schemes for road transport haulage, construction, and agricultural machinery
  This proposal is outside the scope of the costings process, further clarification is needed as to what specific measures are meant to achieve this proposal.

I certify that this costing is required in the context of the Budget.

Signature:



Name of Political Party; Regional Group
Date: 28/9/21