# Report of Tax Strategy Group (TSG) Meeting on 12 July 2022

1. Emma Cunningham (D/Finance, TSG Chairperson) 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 Brendan O'Connor (D/Finance, Economics Division) on the economic situation and outlook, setting out the Department's view of the current economic context.

**Economic Context for Taxation Policy** **(TSG 22/01)**

2. This paper discusses the economic and fiscal context within which the taxation system operates following the recent pandemic and in light of the current cost of living increases, including future challenges. This paper also discusses recent trends in taxation and Ireland's taxation system in an international context.

**Income Tax** **(TSG 22/02)**

3. Issues covered in this paper include a summary of tax yields, information on the distribution and burden of income tax and USC, and provides an update on relevant reviews including the reduced rate of USC for medical card holders, Flat Rate Expenses, Trans- Border Workers, and the Key Employee Engagement Programme (KEEP). The paper also considers options around indexation and a potential third rate of income tax.

**Corporation Tax** **(TSG 22/03)**

4. The Corporation Tax paper contains an overview of trends in Corporation Tax receipts and the strong performance of Corporation Tax over the previous two years. It also refers to consideration of Ireland's position in the ongoing debate on international tax reform, the progress and potential implications of Pillars One and Two, and OECD and EU tax developments. Other items discussed include reviews of film relief credit, Research and Development credit and the Knowledge Development Box.

**Property Related Tax Issues** **(TSG 22/04)**

5. The Property paper discusses the Living City initiative, a review of the 2017 Report of the Working Group on the Tax and Fiscal Treatment of Rental Accommodation Providers, and the Help to Buy Scheme. Other items discussed include the Local Property Tax, collecting information on Vacant Properties, and the Residential Zoned Land Tax.

**Social Protection Package – Budget 2022 Issues** **(TSG 22/05)**

6. The Department of Social Protection (DSP) presented this paper which describes the overall DSP expenditure in its various programmes and discusses the impact of potential cost of living measures and social welfare for Budget 2022. This paper also looks at Poverty Trends in Ireland, Irish Labour Market Trends and Pay Related Social Insurance (PRSI).

**Climate Action and Tax** **(TSG 22/06)**

7. This paper gives an overview of Energy taxes, and related EU developments, Carbon Tax, and Motor Vehicle Taxes, and includes consideration of relevant policy options and challenges.

**General Excise Paper** **(TSG 22/08)**

8. The General Excise Paper covers a number of topics including the Alcohol Products Tax, the Tobacco Products Tax and Betting Tax. The paper outlines the Public Health Policy and the recent changes to the rates, yield and consumption. It also covers the effects of cross-border trade and the illicit tobacco market.

**Value Added Tax** **(TSG 22/07)**

9. Value-Added Tax (VAT) paper reviews the rates and structures of VAT. The paper also provides options for change and looks at VAT developments at EU and domestic level. Amongst other items discussed are the VAT rates on items such as Building Supplies, Medicines, Tourism and Electricity & Gas.

**Capital & Savings Taxes and Stamp Duty (TSG 22/09)**

10. The paper provides an overview of the current position on Capital Gains Tax, Capital Acquisitions Tax, Deposit Interest Retention Tax (DIRT) and Stamp Duty, whilst considering potential options for Budget 2023.

**Response to Covid – Support Schemes (TSG 20/10)**

11. This paper provides a review of the roles the various Covid support schemes played during the pandemic and how they assisted the economy to rebound quickly following the easing of restrictions in early 2022. These include the Employment Wage Subsidy Scheme (EWSS), Temporary Wage Subsidy Scheme (TWSS), COVID Restrictions Support Scheme (CRSS), and Tax Debt Warehousing

12. The Chairperson 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.

The attendance list for the meeting is attached.

**Terry Behan**
**Secretary to the Group**
**13 July 2022.**

**TSG Attendance List – 12 July 2022**

**Department of Finance:**

Emma Cunningham (Chairperson)

Cathal Sheridan

Deirdre Donaghy

Joe Cullen

Anne Marie Walsh

Timmy Hennessy

Brendan O'Connor

Joanne Mulholland

Brian Fee

Alan Frize

Terry Behan (Secretary)

*Other members of the Group and officials from the Department were present in person or online for parts of the meeting appropriate to their particular areas of work.*

**Department of Public Expenditure and Reform**

Cathal McDermott

**Department of the Taoiseach:**

Eamonn Fahey

Nigel Clarke

**Office of the Revenue Commissioners:**

Jeanette Doonan

Deirdre Hanlon

Declan Rigney

**Department of Enterprise, Trade and Employment:**

Felix O'Kane

Dermot Coates

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

Saidhbhín Hardiman

Colin O'Neill

Ciarán Lawler

Alan Flynn

**Tanáiste's Office:**

Brian Murphy

**Office of the Attorney General:**

Paula O'Hare

**Department of Transport:**

Marie Gleeson