Report of Tax Strategy Group Meeting on 2nd October 2012

Minutes of the meeting on 25th September 2012 **(TSG 12/09)**

1. The minutes of the meeting of the 25th September were agreed.

Impact of Jobs Initiative: VAT Reduction **(TSG 12/14)**

2. The paper explored the impact of the measure in the Jobs initiative of 2011 which reduced the rate of Value-Added Tax (VAT) from 13.5% to 9% in respect of services in tourism related sectors with the aim of lowering prices and stimulating demand for goods and services, ultimately creating and sustaining jobs in those sectors.

Social Welfare Package **(TSG 12/10)**

3. In this paper, the Department of Social Protection set out some principles that could inform the development of the social welfare elements of Budget 2013. Relevant background information on the composition of social welfare expenditure was provided also. The policy context was set out and trends over recent years in (e.g. in social welfare payment rates) were outlined. . Replacement rate issues were referred to and considered in more detail under item 4. Finally, the paper addressed issues for consideration in scaling back expenditure.

Replacement Rates **(TSG 12/11)**

4. The paper on replacement rates presented findings from an analysis of current hypothetical replacement rates (for a number of household types at a variety of income levels) and related issues were discussed. Replacement rates (or replacement ratios) are typically used to measure unemployment traps. Such traps occur when a person's net income when unemployed compares favourably with his/her net income when employed thereby resulting in a disincentive to work.

Capital & Savings Taxation Issues **(TSG 12/12)**

5. This paper covered Capital and Savings taxes; Capital Gains Tax (CGT), Capital Acquisitions Tax (CAT), Stamp Duties and DIRT. It set out the current position of each and examined potential options for change in the context of Budget and Finance Bill 2013.

Tax Incentives / Expenditures **(TSG 12/13)**

6. The final paper highlighted the changes that have been made since last year in relation to tax incentives / expenditures under a number of headings. These included further changes in line with recommendations of the Commission on Taxation.

7. Any Other Business

8. None

Attendance list and Next Meeting

9. The attendance list for the meeting is attached.

10. The next meeting will take place on Tuesday, 9th October 2012, in Room 0.2, South Block, Government Buildings, Upper Merrion Street, Dublin 2.

John Day,

4th October 2012.

TSG Attendance list, 2nd October 2012

Department of Finance:

Derek Moran

Eoin Dorgan

Gary Tobin

Des O'Leary

Brendan O'Connor

John Day (Acting 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

David Moloney

John Conlon

Ronan O'Brien

Joan O'Shea

Department of the Taoiseach:

Andrew McDowell

Paul O'Brien

John Callinan

Department of Foreign Affairs and Trade (Tánaiste)

Mark Garrett

Colm O'Reardon

Office of the Revenue Commissioners:

Niall Cody

Gerry Smyth

Department of Jobs, Enterprise and Innovation:

Paul Kealy

Dermot Curran

Ciarán Conlon

Department of Social Protection:

Brian Ó Raghallaigh

Edward Brophy

Denis Moynihan

Claire Conway

Office of the Attorney General

Caroline Daly