

Report of Tax Strategy Group Meeting on 26 September 2006

Minutes of the meeting on 13 September 2006

(TSG 06/09)

1. An amendment to the Income Tax paper TSG 06/05 was agreed, to include, “Revenue undertook to provide a document analysing the numbers actually paying tax at the higher 42% rate”.

Social Welfare Package – 2007 Budget Issues

(TSG 06/10)

2. A general discussion took place following a presentation by the Department of Social and Family Affairs paper on this item. The paper provided an overview of the main issues relevant to the Social Welfare package in Budget 2007. The commitments in the Agreed Programme for Government together with the Government’s priorities were noted. The estimated expenditure amount over the next year, based on various assumptions to meet objectives was highlighted. It was considered that the commitments had to be viewed in the context of the necessity to manage the public finances in a prudent and responsible manner.

PRSI & Health Levy Options

(TSG 06/11)

3. The Department of Social and Family Affairs presented a paper to the Group on various PRSI options. The points raised included the PRSI developments in 2006, PRSI rates, employee ceilings, childminding income and the sustainability of the Social Insurance Fund. A general discussion in relation to these points took place following the presentation.

Pension Taxation

(TSG 06/12)

4. A paper on the current issues in relation to pensions taxation policy was presented to the Group. The commitments in *Towards 2016* in relation to future pensions policy were noted by the Group. It was noted that the Government is committed to producing a Green Paper on Pensions Policy outlining the major policy choices and challenges in this area. A discussion took place on incentives required to encourage people to provide for future pension provisions.

SSIA's**(TSG 06/13)**

5. A paper setting out information on the SSIA scheme as of the end of July 2006 was presented. The paper covered details such as the costs of the scheme to date, maturity profile, number of accounts and average monthly subscription. The Group noted the success of the scheme as a mechanism which encouraged people to save over a specified amount of time.

SMEs**(TSG 06/14)**

6. The Group was presented with a paper on Small and Medium sized Enterprises (SMEs). It provided information on the size and structure of SMEs and the issues facing the sector such as the cost of doing business, access to finance and regulatory burden. Policy issues supporting the sector's development were discussed along with the following schemes aimed at supporting the SMEs: the Productivity Improvement Fund; RTI Scheme; Venture Capital Scheme; the BES Scheme and the Seed Capital Scheme. It was noted that the Government is committed to reducing the regulatory burden on business including SMEs.

Attendance list and Next Meeting

7. The attendance list for the meeting is attached. The next meeting is scheduled for 10 October 2006 at 10.30 am in the Department of Finance.

Rory O'Kelly**26 September 2006**

TSG Attendance list of 26th September 2006

Department of Finance:

Donal McNally

Kevin Cardiff

Pat Murphy

Liam Murphy

Vincent Palmer

Karl Ryan

Marianne Nolan

Donal Murtagh

Ray Kavanagh

Michael Hough

Dermot Quigley

John O'Connell

John Fitzpatrick

Colin Hunt

Rory O' Kelly

Department of the Taoiseach:

Gerry Hickey

John Callinan

Revenue Commissioners:

Josephine Feehily

Eamon O'Dea

Brian McCabe

Department of Enterprise Trade and Employment:

Denise Mullins

Kieran Grace

Office of the Tánaiste:

John O'Brien

Department of Social and Family Affairs

Tom Mulherin

Denis Moynihan

Marie O'Neill

Siobhan Lawlor

Apologies

Martin Shanagher