

## **Report of Tax Strategy Group Meeting on 4 October 2011**

### **Minutes of the meeting on 27<sup>th</sup> September 2011** (TSG 11/12)

1. The minutes of the meeting of the 27<sup>th</sup> September were agreed.

### **Residence Issues** (TSG 11/11)

2. This paper covered the taxation issues relating to the residence of individuals with specific focus on so called “tax exiles”. The current position was set out and the paper also examined issues that have been raised or are likely to arise, in the context of the Budget/Finance Bill, as well as the commitment in the Programme for Government which states that “as part of our fiscal strategy the Government will ... ensure that tax exiles make a fair contribution to the Exchequer”. The Group requested that the Department of Finance produce an options paper for the Budget.

### **Social Welfare Package – 2012 Budget Issues** (TSG 11/13)

3. The paper was presented by the Department of Social Protection (DSP) and gave the Department’s overall approach to Budget 2012 and as to how these objectives can be achieved. The commitment in the Programme for Government for the Government “to maintain welfare rates” was noted, along with the commitment to the EU/ECB/IMF that the DSP will produce a comprehensive programme of structured reforms that can help better targeting of social support to those on lower incomes, and ensure that work pays for social welfare recipients. The issues were discussed by the Group and DSP were asked to provide a paper on its strategy to tackle social welfare fraud.

### **Replacement Rates** (TSG 11/14)

4. The Replacement Rate paper is a follow on from the paper produced last year and included findings from an analysis of current hypothetical replacement rates which the Group discussed.

### **Selected VAT Issues** (TSG 11/15)

5. This paper discussed the VAT rating and structure and scope for change of VAT rate, VAT issues at domestic level and VAT developments at EU Level. The Group noted that in 2010 VAT accounted for approximately €10,100 million or 32% of the overall tax yield to the

Exchequer while the current estimate for the VAT yield in 2011 is €10,230 million. The issues were discussed and the Department of Finance agreed to provide details of the methodology employed by the CSO in calculating the inflationary effect of change in the VAT rates. Potential revenue yield regarding specific items would also be provided to the Group.

**Attendance list and Next Meeting**

6. The attendance list for the meeting is attached.
  
7. The next meeting will take place on Tuesday, 11 October 2011, in Room 0.2, South Block, Government Buildings, Upper Merrion Street, Dublin 2.

**Rory O'Kelly**

**5 October 2011**

**TSG Attendance list, 4 October 2011**

**Department of Finance:**

Ann Nolan

Derek Moran

Jim O'Leary

Gerry Kenny

Des O'Leary

Liam Smith

John Day

Deirdre Aherne

Ray Kavanagh

Blaithin Nic Giolla Rua

Rory O'Kelly

**Department of Public Expenditure and Reform**

David Moloney

John Conlon

Ronan O'Brien

Joan O'Shea

**Department of the Taoiseach:**

Andrew McDowell

John Shaw

Paul O'Brien

**Revenue Commissioners:**

Michael O'Grady

Eugene Creighton

Gerard Moran

**Department of Jobs, Enterprise and Innovation:**

Martin Shanagher

Paul Kealy

**Department of Social Protection:**

Brian O'Raghallaigh

Denis Moynihan

Edward Brophy

Claire Conway

**Department of Foreign Affairs and Trade (Tánaiste)**

Colm O'Reardon

Mark Garrett

**Office of the Attorney General**

Caroline Daly