BUDGET 2012 - PRE-BUDGET SUBMISSIONS AND MEETINGS

The Minister for Finance receives written submissions from both individual members of the public and organisations in the weeks prior to the introduction of the annual Budget.

These submissions outline the specific views of the individual or interest group and cover both taxation and expenditure issues in the forthcoming Budget.

The issues raised in these submissions are considered in the context of the Budget and Finance Bill.

Attached is a summary of the main points in the submissions made by the main organisations the majority of whom are parties to *Towards 2016*.

Oral briefing will be provided on issues raised in the submissions.

The Group may wish to consider the issues raised.

ORGANISATIONS INCLUDED

IRISH BUSINESS AND EMPLOYERS CONFEDERATION - IBEC 2
IRISH CONGRESS OF TRADE UNIONS (ICTU) 4
IRISH FARMERS ASSOCIATION (IFA) 5
CONSTRUCTION INDUSTRY FEDERATION (CIF) 6
DRINKS INDUSTRY GROUP OF IRELAND (DIGI) 7
IRISH HOTELS FEDERATION (IHF) 8
CONSULTATIVE COMMITTEE OF ACCOUNTANCY BODIES – IRELAND (CCABI) 9
DISABILITY FEDERATION OF IRELAND 10
CHAMBERS IRELAND 11
SOCIETY OF THE IRISH MOTOR INDUSTRY (SIMI) 12
IRISH EXPORTERS ASSOCIATION 14
IRISH SMALL AND MEDIUM ENTERPRISES (ISME) 15
IRISH TAXATION INSTITUTE (ITI) 17
MACRA NA FEIRME 20
IRISH CREAMERY MILK SUPPLIERS ASSOCIATION (ICMSA) 21
LAND POLICY AND TAXATION 21
FARM INVESTMENT TAX INCENTIVES 22
FUNDING FARM SCHEMES 22
INDIRECT TAXATION 22
HIGHER EDUCATION GRANTS 22
SOCIAL WELFARE ISSUES 22
ENVIRONMENT AND RURAL DEVELOPMENT MEASURES 23
SOCIETY OF ST VINCENT DE PAUL 24
IRISH NATIONAL ORGANISATION OF THE UNEMPLOYED (INOU) 27
NATIONAL YOUTH COUNCIL OF IRELAND (NYCI) 28
IRISH BANKING FEDERATION/FEDERATION OF INTERNATIONAL BANKS IN IRELAND (IBF/FIBI) 29
SOCIAL JUSTICE IRELAND 30

IRISH BUSINESS AND EMPLOYERS CONFEDERATION - IBEC

Despite renewed turmoil in the international debt and equity markets in recent months, the Irish economy remains on track to grow this year for the first time since 2007. The recovery is fragile, however, and the weakness of the domestic economy remains a concern. The unemployment crisis is stark and much still needs to be done to close the budget deficit. In order to address these major challenges we need a radically new approach to economic policy. In addition to a plan for austerity, we need a vision and a strategy to grow the economy.

Budget 2012 must make difficult choices to close the budget deficit but must also put in place the building blocks needed to grow enterprise and employment. In order to make this happen innovative economic policies are required and Budget 2012 must provide the platform for these. This Government has not yet outlined its own strategy for economic growth and must now urgently do so.

IBEC has identified the following six priority areas as the essential ingredients of a comprehensive strategy for recovery and growth:

1. Deliver more radical economic reform: the reform priorities set out in the Memorandum of Understanding (MOU) with the EU/IMF must be seen as the minimum requirement rather than a limit to the economic reform agenda. New thinking is needed in order to deliver economic recovery. The new Government must put its own stamp on economic policy and this requires ambitious reform to make Ireland competitive again; get people back into jobs; and reform public services.

2. Introduce measures to support the domestic economy: the revitalisation of exports over the past two years has lifted Ireland out of recession and is central to future economic prosperity. In isolation, however, export recovery will not be enough to substantially reduce unemployment. In order to do this, we must achieve a normalisation of activity and spending and saving patterns in the domestic economy. A comprehensive communication strategy is needed to give consumers the confidence to spend again. The property sector is in a state of paralysis and transactions must be unlocked by delivering a credit flow for mortgages and using a reformed NAMA model to bring properties to the market at realistic prices. Rule changes in relation to pension savings are needed in order to allow people draw down a proportion of their AVC pension funds and spend it in the economy. Reform of how the social welfare budget is administered is needed in order to maximise the economic impact in the domestic economy. Measures are also needed to target the rise in the informal economy, particularly in the home improvements sector where a refundable tax credit model has been shown to work well internationally.

3. Stick to a detailed fiscal plan: Government should stick to the original €3.6bn budget adjustment set out in the MOU. Economic growth may well be lower than forecast in the plan for 2012 but it is far too early to be definitive on this. Government has to stick to its deficit reduction targets but doing more now will merely unnerve consumers and will undermine growth prospects, and indeed the credibility of the entire new three-year plan. There is more to be gained from giving consumers confidence in the economic outlook by sticking to the €3.6bn adjustment than by trying to impress bond markets which we are not currently borrowing from. Ireland has shown to the markets that it can deliver austerity. We now need to prove our credentials on economic growth prospects. The split of the €3.6bn adjustment should €2.7bn in spending reductions and €900m in tax increases.

4. Improve Ireland's attractiveness for mobile investment: there is currently a complacency in Government that the defence of the 12.5% corporation tax rate is sufficient for Ireland to remain attractive for mobile investment. While Government is to be lauded for its robust support of the corporation tax regime, which remains essential in maintaining and attracting investment, more needs to be done to ensure that Ireland stays ahead of other countries competing for mobile investment. By standing still on our offering for investors, we are rapidly falling behind much of the competition. We urgently need to enhance our taxation regime for intellectual property and we also need to become more effective in attracting the specialist mobile talent needed to build global business units and market headquarters here in Ireland.

5. Enhance the environment for indigenous enterprise: the indigenous enterprise sector suffered greatly as a result of the crowding out and competitiveness pressures of the Celtic Tiger years. Government must now reduce costs such as energy and local rates for business and prioritise smarter regulatory processes.

More action is also needed to get the pillar banks lending to sustainable businesses again – without sufficient credit and the full range of financing products such as credit insurance, the indigenous enterprise sector will not be able to exploit new market opportunities.

6. Deliver a stronger incentive to work: a radical shake-up is needed of the social welfare system in order to deliver a stronger incentive to work. Ireland is an outlier in EU terms by not having an effective model of conditionality in unemployment assistance payments. A much more robust system of enforcement is needed in order to ensure that people seek work, attend interviews and training and take up job offers. A rapid roll-out of more intervention-intensive labour supports is also needed.

IRISH CONGRESS OF TRADE UNIONS (ICTU)

The deficit in demand for labour is the first deficit that must be tackled.

The most effective way to tackle the financial deficit is through policies and choices that will put people first and get them back to work, that will develop new services and products and increase community solidarity.

The surge in unemployment – especially long-term – is the biggest crisis facing social cohesion and democracy in Europe. In Ireland the crisis has impacted most severely on young people, as the domestic private economy stagnates and public sector employment contracts. At present, the majority of Ireland's unemployed have been unemployed for a year or more.

ICTU calls for a prudent approach to repairing the public finances, through timely and appropriate adjustments to expenditure and revenue in such a way as to:

- Generate employment:
- Invest in infrastructure to facilitate sustainable growth;
- Protect the income of the most vulnerable in our society;
- Maintain and improve the quality of public services and thereby enhance competitiveness;
- Reduce the public sector deficit over time by increasing revenue through economic growth and a gradual increase in taxes, starting with those on the highest income; and
- Move towards European average norms of taxation and public expenditure.

Our key argument is:

- The pursuit of fiscal austerity has caused deep and lasting damage to our economy and society. It is taking a serious toll on peoples' lives and on many communities.
- The low revenue model has not served us well and the onset of recession in 2008 exposed the vulnerability of this model, as revenues fell sharply and expenditure on social welfare rose in response to growing unemployment and a fall in wage income.
- There are alternatives. A short-term, 'book-keeping' approach based on further cuts to public spending is reckless and is not working. Equitable tax policies can deliver the reduction in debt and economic recovery that many claim or assume will happen.
- A new approach based on fiscal prudence and realism allied to social solidarity is urgently required to stop the corrosive effect of long-term unemployment among young and old.
- Global instability, the deepening crisis in Europe, the rising price of Irish bonds and the lack of economic growth in Ireland allied – with the low growth projections for much of the world – provide good reasons to extend the adjustment period to 2017.

The key to economic recovery is to increase, not reduce, investment in productive, job-intensive, environmentally-friendly activities.

Public investment has to lead this recovery, generating confidence in private firms and with international investors. Ireland will continue to rely on foreign direct investment. However, there is a need to diversify out strategy by developing new products and services produced by innovative indigenous firms for the home and export markets.

Irish Farmers Association (IFA)

1. Agriculture and the agri-food sector are playing a key role in Ireland's export led economic recovery. The positive growth in the sector seen in 2010 has continued into 2011, with output growth in primary agriculture and export growth in food and drinks far outpacing the rest of the economy. However, farming remains a low-income sector, with average farm incomes in 2010 of less than €18,000.

It is vital therefore that funding for farm schemes and investment programmes is maintained in Budget 2012.

The UCD study on *the Importance of Agriculture and the Food Industry to the Irish Economy* demonstrates clearly the importance of these schemes in driving agricultural production, supporting farm incomes and underpinning the agri-food sector's contribution to economic recovery.

Farmers also require that Government take action to reduce business costs in the productive sectors, including agriculture, with a commitment that no new costs are imposed.

As a priority:

- The AEOS scheme must be reopened for all farmers leaving REPS 3, with a restoration of the maximum rate to AEOS 1 level (€5,000), and an increase in the payment rate to €150/ha for Natura areas;
- Funding must be retained at its current level for all other farm schemes - Disadvantaged Areas, Suckler Cow Welfare and REPS 4;
- The on-farm investment programme, TAMS, must be reopened;
- The forestry premium must be maintained at its current level with funding for the forest road scheme increased; and
- There must be no increase in farmer levies or cuts in disease eradication schemes.

2. The taxation system must impact equitably on all income earners, and must support improved competitiveness and efficiency at farm level through restructuring and investment.

This includes:

- Retention of existing CGT Retirement Relief and Agricultural Relief for farm transfers;
- Reduction of stamp duty rates on farmland for all transactions to improve land mobility and increase farm transfers;
- Retention of Capital Allowances to encourage farm investment;
- Exclusion of farmland and buildings from the proposed Household Charge; and
- No further increase in the Carbon Tax on Marked Gas Oil (Farm Diesel).

3. Ireland faces a significant challenge to meet its environmental commitments on renewable energy generation and emission reductions. Government commitment to a land-based renewables strategy will create new jobs and stimulate economic activity across the country, contributing to balanced regional development. Support measures in the Bio-fuels obligation scheme, the Bioenergy Scheme and the REFIT tariff must be improved if Ireland is to achieve its renewable energy targets.

CONSTRUCTION INDUSTRY FEDERATION (CIF)

The effect of unemployment on people's lives, and the impact across Irish society and economy as a whole, means that tackling this crisis has to be the key focus of Government policy in the period ahead. In this context, Budget 2012 must include substantial measures to support job retention and development in the economy, whilst also implementing the fiscal adjustments required to retain international confidence in the management of the Irish public finances. In allocating scarce resources, Budget 2012 must therefore prioritise domestic demand that is allocated to indigenous products and services, and indigenous investment. Construction, which is highly labour intensive and has low import content, can be a vital component of this refocused budgetary strategy.

The fiscal strategy in December's Budget must seek to protect productive investments and, in broadening the tax net, guard against an excessive tax burden on labour and investment. A reinvigorated public capital investment programme must form part of this strategy, requiring a reversal of the policy of favouring day-to-day expenditure in recent budgets. Shrewdly investing in our capital infrastructure would generate significant employment in the delivery of projects and enhance the type of recovery Ireland experiences over the coming years. The strategy should also include innovative policies to support increased private investment in the domestic, labour intensive parts of the economy including home improvements and energy retrofitting. The right incentives in these areas would create significant numbers of jobs and improve overall economic well-being; properly structured such measures would also help counter the growing black economy about which not enough is currently being done.

The Budget should also tackle the ongoing problems in our property markets which are significantly delaying our economic recovery. Options are available to the Exchequer which will both directly and indirectly boost revenues, economic activity and ultimately job creation. The Government has set ambitious plans for economic reform. The need to act on these plans is pressing. Business input costs in construction are a major obstacle to the necessary competitiveness adjustment in the sector. The Budget needs to address all costs including wages, those imposed through inefficient planning and procurement systems, high local authority charges, and more general legislative and regulatory cost burdens.

Key recommendations in the Submission include:

- The shrewd investment of an additional €2 billion per annum over the period 2012 to 2014 under the Public Capital Programme and the introduction of incentives for home improvements to act as a major employment and economic stimulus in the economy.
- Reform of the management of priority infrastructure investment in the State through initiatives including the establishment of a National Infrastructure Authority.
- Short-term targeted supports to assist ready and willing buyers in the residential property market, with the effect of unlocking the significant VAT revenues tied up in unsold new housing stock and the wider benefits across the economy that would accrue.
- A rethinking of social housing policy to encourage private sector investment in line with the Government's stated policy.
- Reversal of proposed amendments to upward only rent clauses in existing business leases, which has the potential to wipe further billions off the value of Irish commercial property.
- A joined up approach to addressing the growing black economy problem in the Irish economy.
- Identification of a single point of responsibility in Government for construction to ensure an enterprise focus on the sector and to maximise its contribution to the economic life of the country.

DRINKS INDUSTRY GROUP OF IRELAND (DIGI)

The drinks industry calls on the Government to reduce excise on alcohol by 10% in the Budget 2012 as a contribution to lower alcohol prices which will stimulate demand in the hospitality industry and improve tourism cost competitiveness. The excise reduction of Budget 2010 was passed on to the consumer by the drinks industry. As part of a five year programme Budget 2012 should also begin the process of ending the inequitable practice of charging VAT on excise. The most direct way of boosting economic activity and employment in the drinks industry is to apply the 9% VAT rate to the serving of alcohol. DIGI acknowledges the requirement to get EU approval for this measure and is aware of the difficulty of the process. Budget 2012 should be used to announce the Government's support for the measure and to begin the process of getting EU approval. In its September Quarterly Commentary, the ESRI has emphasized the importance of price reductions to support competitiveness. DIGI believes that the measures outlined in this document would support the ESRI position.

Reductions in alcohol taxation will have substantial economic benefits:

- Employment in the on-licence sector would be sustained.
- Demand in the hospitality sector would be stimulated.
- The commercial viability of drinks related enterprises would be supported.
- The price competitiveness of the Irish tourism product would be enhanced.
- The incentive to source alcohol products from outside the State would be reduced.
- The business strength of Irish drinks manufacturers would be supported which would in turn assist in the drinks export drive.
- Business and consumer confidence would be improved.

The overall alcohol market in 2011 will be 11% below the peak level of 2007. The employment intensive on-trade continued to be in a state of crisis, with sales having declined by 27% in the four year since June 2007. That trend has continued this year where volume of bar sales declined by 0.4% between July 2010 and July 2011.

Substantial numbers of public houses are going out of business. According to the latest Revenue Commissioners data there was a decline of 225 or 2.9% in the number of public house licences in 2010. In addition there will be no growth in total consumer expenditure volume in 2012.

The independent off-licence sector is also in a very difficult economic position as the multiples continue to increase their share of the off-licence alcohol market.

Without taxation reduction measures in Budget 2012 to support the drinks industry, there will be further significant decline in sales and employment with a consequent negative impact on exchequer receipts. The evidence shows that Ireland's alcohol taxation is very high by EU standards. This is bad for Irish tourism.

The drinks industry contributed greatly to the economy and to the Irish tourism product. It provides thousands of jobs and contributes significantly to other areas of economic activity and to the exchequer. It is a major user of domestic raw materials and inputs including malted barley, barley, cereals, milk, apples, water, services, electricity and gas and pays significant rates and service charges to the local authorities. This economic contribution is under threat.

The Government has stated that economic stimulation measures are needed alongside the reduction of Government borrowing. The Government has lived up to this position by introducing various stimulation measures including VAT reduction. The proposals in this submission are a proved effective way of stimulating demand in the hospitality industry and improving tourism cost competitiveness.

IRISH HOTELS FEDERATION (IHF)

The number of overseas visitors increased by 12.7% in the first half of 2011. This is the first welcome sign of a return to tourism growth following the declines of recent years and illustrates the strong potential role that tourism can play in economic recovery if a supportive policy environment is implemented. The IHF strongly welcomes the recognition by Government of the potential of tourism for generating economic recovery. Despite these positive developments, the hotel and guesthouse sector still suffers from the substantial problems which previous submissions have identified. These must be dealt with if the potential of the sector is to be realised. There is large over capacity of hotels. The market remains well below the pre economic crisis level despite the 2011 growth. The increased numbers in 2011 compared to 2011 are mainly due to the negative effects of the distribution caused by the volcanic ash in spring 2010. Revenue per room in 2010 has continued to decline of recent years. The availability of credit to the sector is very constrained. Many hotels are not commercially viable because of the costs and revenue situation and the overhang of debt. The commercial sustainability of the sector continues to be threatened by unfair competition from non viable bank controlled hotels offering uneconomic prices. Many hotels have gone into receivership or come under bank/NAMA control and many more will following in the absence of appropriate policies. NAMA continues to cast a layer of uncertainty over the sector. In addition, recent renewed international macroeconomic uncertainty will negatively affect inward tourism.

The Government should play its part in the task of maximising the contribution of the hotel and guesthouse sector to economic recovery in Budget 2012 by:

- Increasing the real level of funding for Failte Ireland and Tourism Ireland's marketing budget.
- Avoiding any tax increases in tourism related products and services at national and local levels and introducing a four year freeze on all public sector charges at the 2010 level.
- Reducing energy costs and reducing local authority rates by 30%. At least 50% of the savings achieved through the implementation of the recommendations in the various Local Government efficiency reports should be passed back to the business sector through a reduction in their rates.
- Ensuring the availability of appropriately priced credit, the introduction of limited incentives to encourage debt restructuring schemes in existing hotels and the establishment of a bank for reconstruction and development.
- Facilitating the orderly reduction of excess capacity through adjustment of the tax regulations concerning tax allowances for new hotel and ensuring the planning process and regulations are not a barrier to capacity reduction.
- Allowing the JLC system to disappear without introducing a replacement system.

Ireland has done well in protecting the 12.5% corporation tax rate through the current crises. However, some of the concentration on this has diverted attention from the fact that in other areas there is no certainty available to either existing taxpayers or to international investors. This is diverting investment from Ireland and is being used by competitor jurisdictions to harm our reputation in the eyes of such investors. One example is another jurisdiction using the ridiculous line that the 0.6% pension levy might be extended to international funds located in Ireland and thus persuading them to set up in their, apparently, safer jurisdiction. Another is the retrospective withdrawal of property reliefs – investment decisions are made on the facts that exist at the time and if a country gains a reputation for changing the law so that it would affect an investment decision already made, then investment will be at stake. Ireland needs a clear policy and Ireland needs certainty as to what that policy is. Areas of uncertainty, whether in tax or other areas of Government policy, must be removed as soon as they are noticed. This is a very difficult time for both the Irish and the world economies, but striving for certainty in tax policy will pay dividends even in the short term.

CCAB-I, in this submission, recommends:

Pensions
The 0.6% pension levy is a levy on accumulated pension savings in the private sector. It would be better to temporarily suspend in part the exemptions from Corporation tax and capital gains tax on pension fund earnings. In the interests of equity, the public sector pension related deductions should be increased by a notional amount so that the burden of the pension levy is shared. Pension policy in Ireland is in tatters – essentially there is no policy. This needs to be remedied.

Employment and Investment scheme
Investments made through the new employment and investment scheme should be removed from the list of specified reliefs for the high earners restriction. The EIS should be biased towards start-up ventures by allowing full tax relief where the investment is made in a start-up company.

Capital Tax Reliefs
While noting proposals in the four-year National Recovery Plan to curtail capital tax reliefs, it must be recognised that tax efficient transfer of a business from one generation to the next is essential to economic development. In addition, we suggest a form of rollover relief on gains accruing from business transfers provided that the disposal proceeds are invested in government bonds.

Attracting decision makers to Ireland
We can propose a form of impacted relief as an enhancement to the limited remittance basis which is not meeting its objectives. On a related issue, we propose a reordering of the charge to tax to reward innovation carried out in this country.

Stamp duties
The rate of stamp duty on commercial premises of 6% should be temporarily reduced to stimulate transactions in this market.

<u>Disability Federation of Ireland</u>

- Budget 2012 must at a minimum protect the existing benefits payments and public service entitlements of people with disabilities. Greater openness to training and employment opportunities is also critical. Guarding the resources on which people with disabilities depend is a key aspect of the Government's social justice priority and fundamental to sustaining the NDS through these difficult times.

- Budget 2012 needs to recognise and support the pioneering role taken by voluntary disability organisation to help open up opportunities for people with disabilities as well as enable them to address their health needs. Funding them yields added value in terms of people's wellbeing and strengthened communities. Also the savings they create, in reduced hospital and other care costs, makes them a sound public investment.

- The Implementation Plan for the National Disability Strategy (NDS) must be published and incorporated into the Government's Public Service Reform, Comprehensive Review of Expenditure, Budget 2012 and subsequent budgets. The NDS has faltered because of the lack of clear accountability within Government and poor monitoring of the impact of public policy decisions. Unless a whole-of-Government Implementation Plan is put into operation the already precarious situations of people with disabilities will be undermined as well as the infrastructure of supports to enable real progress for people with disabilities when Ireland finally regains fiscal balance.

- Public Service Reform and the new budgetary process need to embed a person-centered, disability perspective in Departmental Statements of Strategy, Business Plans and budgetary decision-making. Departments must acknowledge responsibility to carry out their public service remits having regard for people with disabilities.

<u>CHAMBERS IRELAND</u>

Chambers Ireland believes that the core focus for Government must continue to be securing economic recovery, restoring confidence and enhancing competitiveness. In delivering on this agenda the Government will support jobs and enterprises and also create the conditions for new opportunities to be developed for the benefit of all in the years to come.

Ireland is currently demonstrating the economic truism that small open economies are hit earliest and hardest in recessionary times but that they can emerge quicker and stronger than their larger, more closed economic counterparts. To support our return to growth we must enhance flexibility, support adaptability and close the gap in the national finances as soon as possible.

Our strong Foreign Direct Investment (FDI) base, continued growth in exports and our flexibility provide us with all the ingredients needed to rebuild a smarter, stronger economy. Confidence is paramount to this success. To generate confidence we must:

- Continue to defend our 12.5% Corporation Tax. This is a vital draw for FDI which generates more jobs per head of population in Ireland than in any other country.

- Drive the restoration of the national finances as the main element of delivering enhanced confidence and, in turn, greater levels of economic activity driven by less hoarding and more focus on opportunities for both business and consumers. Only then will the domestic economy be able to play its part in driving the upswing in the economy. Enhanced activity levels will speed the velocity of money which will in turn enhance the Government's tax take and drive growth. All of these requirements will arrive sooner if we can close the deficit in a timely manner and give all participants in this society the confidence that we are nearing the end of the profound downturn in Ireland's economic fortunes since 2007.

- In closing the deficit, we call for the adjustment to be at least 75% derived from cuts rather than tax increases. Any tax increases should be the result of broadening the tax base rather than incremental increases in either income or value added taxed as increases under these line items will do even more damage to the currently challenged domestic economy. A focus on cost cutting rather than tax increasing will be least harmful to the economy.

- The timing of the Government's proposed three year plan is crucial. In our view it is better to front load cuts now with a view to achieving financial sustainability which in turn will feed into confidence levels in the wider economy. Confidence in Ireland is undermined by the still very significant budget deficit that we face. It will only be restored if the deficit is made more manageable in the medium term and citizens are assured of no more tax increases.

- Finally, in order to sustain Ireland's reputation as a business friendly location we must ensure that any changes to the tax regime are not in any way retrospective in nature. The ongoing discourse over Upwards Only Rent Reviews, the recently introduced Pension Levy and other changes to the tax regime for investment properties all challenge this perception. The Government must also commit to a timeline for the end of the pension levy to give assurances to all potential investors in the future.

Society of the Irish Motor Industry (SIMI)

Economic Background

- Scrappage has helped to protect jobs, businesses and Exchequer revenues but the underlying market remains very weak. Since the end of Scrappage new car sales are down 37% on last year and are 6% down when compared to last year's non-scrappage registrations.
- Despite the aging of the vehicle car park there has been a decrease in levels of vehicle servicing as reduced consumer spending is impacting particularly badly while Black Economy activity has increased.
- With Consumer Confidence low and orders for the peak selling period already being impacted by anticipation of a harsh Budget, the outlook for next year is for 70,000 new cars; a reduction of 22% on this year.

Proposals

What the Motor Industry needs more than anything is stability. Our proposals are at worst, revenue neutral, but in many cases have the potential to yield additional revenue for the Exchequer.

VRT:

- SIMI is very conscious of the pressure on Government to seek additional tax revenue wherever this can be achieved but any attempt to seek to increase VRT as a seemingly "easy-target" will only prove counter-productive, ultimately leading to a diminished tax take, rather than an increased one and would impact very negatively on employment.
- The Industry does not want to see any changes in relation to the current VRT Band structure or any increase in the % rates.

Road Tax:

- SIMI want to see no major change to the Road Tax Band Structure that would destabilise the market.
- At the same time, SIMI is aware that Government is seeking to implement some changes to the CO2 based Road Tax system to resolve the shortfall resulting from the lower Road Tax due on the lowest emitting cars.
- The current two-tiered Road Tax system is having a negative impact on many Motor Retailers and consumers as it is impacting on trade-in and sale values. However this is not an easy issue to resolve and there is a danger that a quick-fix proposal to increase the overall Road Tax take may produce negative unintended consequences as occurred in July 2008.
- SIMI believes that it is possible to produce improvements to the current system in the context of any such changes that the State may be seeking.
- However any changed system should:
    - Continue to incentivise consumers to make good environmental decisions when buying a new car.
    - Seek to resolve the major anomalies that are caused by the enormous differences between the old Road Tax system, based on engine size, and the newer CO2 based system.
    - The timing of any proposed change must take account of the fact that new cars are ordered some six months in advance of the start of the year based on existing rules so the implementation date for any change must take account of this and must follow consultation with key stakeholders.
- A more robust form of continuous road tax should be introduced.

VAT:

- SIMI believes that any increase to the Standard VAT rate would be counterproductive in the current economic environment. Any increase in the retail price of cars due to increased VRT or VAT will reduce, rather than increase Government revenues.

- With service and repair business reduced and Black Economy activities increasing, it is crucial that the 13.5% VAT rate that applies to servicing and repair of motor vehicles is retained to protect employment in the Sector.

Seasonality/Registration Plate:

- Seasonality in new vehicle sales has become a very costly and disruptive issue for the Motor Industry.
- It has also become increasingly risky for the Industry as Vehicle Manufacturers must pre-order €500million in new cars for a very short selling period that is virtually over after April.
- Seasonality is also high risk for the Exchequer as a bad start to the year means that lost revenue will be irrecoverable until a full year later.
- SIMI is seeking the addition of a special "Identifier" such as an additional character on the registration plate for all vehicles registered after 1st July in 2012 to create a second new car sales peak and that this system be retained in subsequent years.
- This has the potential to deliver in excess of €20million in additional VRT and VAT and in the year of introduction perhaps considerably more than this.
- Even if this failed to deliver additional tax revenues, but research would suggest that it should, this proposal has no cost implication for the State yet it would still help reduce costs and protect employment in the Motor Industry. It would also help to reduce the risk for the State in providing the potential for a second sales peak.
- In addition, SIMI is seeking the right for a consumer or Motor Retailer to get a used vehicle's current registration plate re-designated to the county of residence of its new purchaser/owner, if they so wish. This would be welcomed by both the Industry and consumers and, based on a charge of €250 for this re-designation, it could deliver an additional €20million for the Exchequer in year one.

Other Issues:

- **Export Refund**:
  SIMI is urging the Minister to introduce a VRT Export Refund measure to refund part of the residual VRT when a used car is exported. It is proposed that a VRT credit could be allowed which could be used against the initial registration of another vehicle in due course. This measure should be implemented at some time in the future when the State's finances are more secure.
- **Fuel Taxation**:
  Given the considerable fuel costs to the motorist SIMI is seeking that there should be no increase in duties on fuel. Also that the agricultural diesel scheme should be moved to one based on credits rather than the existing one that is based on "marked" fuel.
- **Electric Vehicles**:
  It is important to keep the electric vehicle in the market as a sustainable solution in the future. SIMI are seeking that the VRT and Capital allowance support currently in place be retained. We are also seeking the extension of the current SEAI Grant Scheme for 2012.

Irish Exporters Association

1. The Key Economic Management Focus

The Irish Exporters Association recommends to the Minister for Finance when structuring the Budget 2012 is:

- The Comprehensive Review of Expenditure (CRE) is crucial. The CRE must clearly identify sizable savings in voted current expenditure for Budget 2012 and over the full adjustment period to 2015. Efficiency gains must be clearly specified and quantified within clear timeframes.
- Savings on interest payments arising from the interest rate reduction on EU loans should only be used to reinforce the fiscal consolidation programme. The planned reduction in gross voted current expenditure of €4.8bn over the period 2011 to 2014 will not now be eroded by escalating debt service costs due to savings arising from the interest rate reduction on our EU loans agreed at the July Heads of Government Summit.
- Given very weak domestic demand, cuts in voted current expenditure are preferred to increases in taxation.
- It is noted that the IMF (WP 11/276 Ireland, September 2011) urges consideration of a programme for the orderly disposal of state assets close to €5bn. State assets should not be sold at a discount to NAV.(net asset value).
- Given the scale of fiscal adjustment required to 2015 and beyond cuts in public sector pay may be required especially beyond 2014. It is hard to see how voted current expenditure can be reduced beyond that which is already planned especially post 2014 without tackling public sector pay which accounts for approximately 35% of gross voted current expenditure.

2. Real Export Focus, Indigenous and FDI:

- More rapid growth of Indigenous exporter businesses - focus on assisting growth from SME to large company.
- R & D - focus on export market research and entry costs for indigenous businesses.
- More rapid growth of Indigenous exporter businesses - Focus on assisting growth from SME to large company.
- Export Finance Guarantee Scheme - focus on emerging markets and novel products and services.
- New Enterprise Investment Incentive Scheme (EIIS) - focus to accelerate private sector investment in business and assist more rapid growth of exporting SMEs, and also ease pressure on bank funding
- Entrepreneur Scheme - focus to stimulate more export oriented start – ups · Employee / employer income tax breaks - focus to incentivise more in market activity
- Retaining Multinational export activity from Ireland – focus tax relief for overseas staff working in Ireland

3. Reform of Government — budget allocations to ensure key export development services are supported:

- Provide a detailed plan of Public Sector Reform, inclusive of transfer of resources to trade promotion agencies to replace key staff retirements.
- Embassy network expansion, with new added trade development services.
- IDA overseas network expansion, essential in Asia, Russia and South America.

4. **Bolster the Basic Export Infrastructure**

- Cost Competitiveness
- Access to and from markets
- Transport efficiency supports
- Communications infrastructure
- Energy costs
- Waste management and costs

<u>IRISH SMALL AND MEDIUM ENTERPRISES (ISME)</u>

1. **Cost Competitiveness:**

- Addressing commercial rates by reforming local authorities and changing the way rates are assessed.
- Increase the level of competition in the energy sector.
- Address unfair pricing by VAT exempt public bodies.
- Abolish upward only rent reviews for leases pre-March 2010.

2. **Improving SME Cash-flow:**

- Create a specific business lending bank, similar to ICC in the nineteen seventies.
- Favourable tax incentives for individuals or pension funds that invest in SMEs.
- Capital invested by family members for the purpose of establishing or expanding a new or existing family business should also receive some form of favourable tax treatment.
- Insist that state agencies including commercial companies adhere to 15 day prompt payment.
- Introduce and champion a Fair Payment Charter for all businesses.

3. **Supporting Enterprise:**

Taxation measures

- Taxes on incomes should not be increased. (the current rates and bands remain.)
- There should be no increase in the higher rate of VAT.
- Tax incentives should be offered to home owners who use tax compliant verifiable trades people.
- The discrimination against Directors and the self-employed with regard to availability of the P.A.Y.E. tax allowance needs to be stopped.
- Maintain the tax relief on personal pension contributions at the current rate and at the current allowable limit.

R & D and Innovation

- The introduction of double tax relief on all expenditure on R & D.

Approved Profit Sharing Schemes for SMEs

- The introduction of a simple to apply profit sharing scheme for SMEs.

Public Procurement

- Tenders should be divided into smaller lots without prejudice to directive 2004/18/EC.
- Contracts should be awarded to the tender that shows the best value for money rather than the lowest price. This would allow SMEs to better sell their high technical expertise.

4. **Employment Creation/Retention**

- The introduction of a scheme similar to the Employment Incentive Scheme, which operated in the 1980's, which would provide a financial subsidy to employers taking on additional unemployed individuals.
- A reduction in the top rate of employers PRSI to 8.5% to help alleviate the cost of employment.
- The Employers PRSI exemption scheme needs to be maintained.
- The reintroduction of the Enterprise Support Scheme.

5. **Public Sector Reform**

- Reduce public sector pay by introducing a new benchmarking process, which would also compare public sector wages with those internationally.
- Reduce numbers employed by 35,000 over the next 2 years.
- The principle of 'jobs for life' should be abolished.
- A number of services, including administration, should be outsourced to the private sector.

6. Social Welfare Reform

- Reform the Social Welfare Code to ensure that the self-employed can avail of social welfare entitlements immediately.
- A radical review of the current taxation and social welfare system to ensure that the 'tax wedge', the monetary difference between being gainfully employed and claiming social benefits, is changed.

IRISH TAXATION INSTITUTE (ITI)

Bring Certainty to our Tax Policy

- Tax certainty, more than any other individual tax issue, was the overwhelming concern of every single Irish business with whom we spoke. It is vital that the Government publishes a definitive tax strategy for the next three years in order to allay the fears of investors, businesses and job creators.
- There can be no scope for retrospective decisions in our tax policy. Confidence is the bedrock of investment decisions, and any uncertainty or unexpected change of direction in tax policy can damage hard won confidence (e.g. recent policy changes on the application of PRSI to share awards).
- The institute welcomes recognition by the Minister for Finance that certainty is important and that a 3 Year Plan, which will include tax decisions, is soon to be published.

New tax measures to drive sales and expansion into export markets

- A tax measure should be introduced to encourage employees to travel abroad to drive exports for Irish companies. There is a huge potential to be gained by Irish businesses exploring new markets beyond the EU and some encouragement for key sales staff to take these steps would bring rewards for the Exchequer in terms of increased sales and tax revenues at home.
- Again, as part of a strategy to encourage and support businesses to expand into new markets, the institute is proposing a relief for sales and marketing costs. Ideally the relief would operate to reduce PRSI costs or as an offset against PAYE.
- First time exporters can often feel daunted by the complexity of overseas VAT rules. It would be useful to provide an information campaign for them on the common VAT issues that arise when they first begin to sell overseas. The Institute would be happy to assist State Agencies with such a project.
- There is a very real acceptance that some of the highest unemployment levels in Ireland are amongst those who were employed in the engineering, architecture and construction sectors in recent years. The need to earn a living overseas often forces these workers to work in countries with which Ireland does not have tax treaties (e.g. South American and African countries). At the moment, these workers are suffering double taxation. The issue needs to be addressed in Irish tax legislation.

Advance the critical tax measures that drive invention and innovation in competing economies internationally

(a) Research and Development (R&D)

- R&D is at the heart of innovation and those who have been most successful in export markets have been the leading innovators in their fields. Businesses expressed a strong view on the need for a volume based R&D scheme as is the case in many competing countries.
- With only 18% of Irish companies claiming the R&D tax credit, there is a compelling case for the introduction of a high-profile education campaign across all sectors of Irish business.
- For those who do claim the R&D relief in Ireland it is a very long and complex process. The UK has a voluntary advance assurance procedure for smaller companies and new start-ups whereby those companies could obtain certainty about whether their projects will qualify for the R&D credit at an early stage. We should consider such a system to address the high cost of making an R&D claim at the moment in Ireland.
- If Ireland is to drive innovation and create a new generation of entrepreneurs who invest in R&D, the claims process must be simplified:
  - Review the documentation requirements.
  - Implement the commitment in the Programme for Government and introduce a procedure whereby companies in receipt of a Research, Technology & Innovation (RTI) grant will be automatically deemed entitled to the R&D tax credit.
  - Introduce a procedure whereby the taxpayer could make a financial contribution to expedite the claim.
  - Ensure that there is ease of access to appropriate and timely advice for taxpayers.

(b) IP (Intellectual Property)

- A good system for developing and commercialising IP goes hand in hand with a good R&D policy. Our research has found that the best way for Ireland to become a competitive location for the development and use of IP is through the establishment of a "patent box" regime, which exists in other countries such as The Netherlands, Luxembourg and Belgium but not here (detailed below). The introduction of a "patent box" is also being given strong consideration in the UK at present.
- It a "patent box" system is not attainable in the short term, then an alternative would be to remove the 10-year claw-back period and to ensure that the asset would continue to qualify for capital allowances for as long as it remains valuable in the business.

(c) Injecting money into indigenous companies

- The announcement of the Employment and Investment Incentive Scheme (EIIS) in Budget 2011 was welcome and we urgently await EU approval of the scheme. It is vital that the relief will be well explained to businesses by government, and a simple claims procedure should be adopted if it is to be effective.
- The UK operates "Enterprise Management Incentives" (EMI) which are share options schemes with tax advantages. They are *"designed to help small, higher risk companies recruit and retain employees who have the skills to help them grow and succeed. They are also a way of rewarding employees for taking a risk by investing their time and skills to help small companies achieve their potential"*. It may be work considering such a proposal in Ireland.

(d) Rewarding the key employees who drive invention in Irish businesses

- The exceptional and highly talented employees who are leading innovation within Irish companies must be encouraged to remain in Ireland if we are to truly create the innovators of the future in the Irish economy. There is currently a gap in the innovation agenda, with no facility whereby employees engaged in innovative activity are encouraged to do this work. An initiative would be welcomed to fill this gap. It should be targeted and focussed and could be subject to certain conditions. For example, a cap could be imposed on the income that qualifies.

(e) Any reform of capital taxes must not damage business growth

- Any reform of capital gains tax and capital acquisitions tax must be fully thought out before being implemented and it must take into account the impact on business growth and family succession. Our priority at present is to create and retain Irish jobs and our capital taxes policy must reflect this overall strategic imperative.

No scope for any further increases to marginal income tax rates

- Marginal tax rates should not be increased beyond their current levels, which are already very high by international standards. A statement of commitment to income tax rate stability is necessary as part of an overall government message on certainty. Ireland has already reached a tipping point on marginal tax rates and any increase would severely damage our international competitiveness.
- The differential in the Marginal tax rate between the employed and the self-employed should be eliminated. The current position is inequitable and is not supportive of a domestic entrepreneurial culture.

A new Tax Simplification Strategy must be introduced for fledgling entrepreneurs

- New businesses should be able to avail of a "one-stop-shop" service to help support them with tax and other business issues. Ireland is one of only 9 EU countries which have not yet implemented a "one-stop-shop" procedure for starting up a new company. This service would pay for itself and it would be a more efficient way of providing help that currently comes from a number of separate agencies (e.g. Revenue, Enterprise Boards, etc).
- A new simple micro-tax for fledgling entrepreneurs should be introduced, as proposed by the Irish Tax Institute last year and proposed in the Programme for Government. This is currently under consideration

in the UK and has already been introduced in South Africa. Simplification measures have also been introduced by other economies including New Zealand, Hungary, the Netherlands and Australia.

MACRA NA FEIRME

Young farmer Stamp Duty Relief

- 100% Stamp Duty relief for young trained farmers be retained in the upcoming budget.
- That the revised Teagasc Green Certificate in Agriculture meets the requirement for Stamp Duty Relief for young trained farmers.

Agricultural Relief – Capital Acquisitions Tax

- The retention of Agricultural Relief in its current format at the rate of 90%

Retirement Relief – Capital Gains Tax

- The retention of Retirement Relief in its current format at €3m

Stock Relief

- 100% stamp duty relief for young trained farmers be retained in the upcoming budget

Capital Allowances

- The retention of capital allowances in their current format

Young Farmer Land Restructuring Relief

- Macra proposes the introduction of a Young Farmer Land Restructuring Relief to allow young trained farmers restructure their farm holdings without being liable for transfer taxes.

Partnerships

- For the Department of Agriculture Fisheries and Food to remove the remaining obstacles in partnerships, e.g. implementing the principle of treating individuals separately in partnerships for accessing schemes e.g. Disadvantaged Area Payments and modulation under Single Farm Payment.
- The introduction of incentives for partnerships such as a 100% Stock Relief for 4 years for registered farm partnerships. This would allow the partnership avail of 100% relief provided one of the parties in the partnership is a young trained farmer under 35.
- The establishment of a body that would assist with the promotion and development of collaborative arrangements among farmers needs to be explored.

Targeted Agricultural Modernisation Scheme (TAMS)

- The immediate re-opening of these co-funded schemes including the dairy equipment, water harvesting, sheep fencing and pig and poultry welfare schemes.

Targeted start up supports for young farmers

- The limited funding that is available for agricultural schemes need to be prioritised and targeted at supporting young farmers to start up and develop their farm business.
- The Single Farm Payment National Reserve needs adequate resources to support trained new entrants to agriculture who are without Single Farm Payment.

IRISH CREAMERY MILK SUPPLIERS ASSOCIATION (ICMSA)

Personal Tax

- ICMSA believes that an earned income credit (as recommended by the Commission on Taxation) should be introduced for the self-employed and be equal to the PAYE allowance.
- There should be no further increased in income tax or cuts to bands and/or credits.

Income Averaging

- ICMSA believes that farmers (or farmers spouses) whose spouse takes on a trade or profession resulting in an income up to €40,000 should be allowed to continue to avail of Income Averaging.

Pension Contributions

- The current income tax relief for pension contributions must be maintained and the phased reduction in relief proposed in the National Recovery Plan will prove detrimental to private pension contributions. ICMSA are deeply dissatisfied with the Pension Levy introduced in June 2011 and it is a further stealth tax on private individuals providing for their future security.

Property Tax

- ICMSA is strongly of the view that the introduction of a Residential Property Tax must not disproportionately and adversely impact on family farm homes.

Farmers Using Companies to Manage Volatility

- Barriers to incorporation for companies should be removed in particular the non carry over of unused farm building allowances.

Land Policy and Taxation

Stamp Duty

- Reintroduction of Farm Consolidation Stamp Duty Relief and the detailed requirements relating to the Relief must be changed to allow for eligibility on basis of transfers that do no involve whole parcels.
- ICMSA supports the Commission on Taxation proposal to continue Stamp Duty Relief for transfers of land to young farmers beyond the current expiry date of 31 December 2012.

Capital Gains Tax

- ICMSA believes that Capital Gains Tax Rollover Relief should be introduced on a limited basis to allow for farm consolidation and parcel swaps for individuals wishing to expand their enterprise.
- ICMSA is opposed to any increases in Capital Gains Tax. However, in the event of a change to the current mechanism and any increase in rates, ICMSA propose that Government must reintroduce full indexation and rollover relief.
- ICMSA believes that Capital Gains Tax Relief for disposal of a business or farm on retirement should continue as proposed in the Commission on Taxation Report.
- ICMSA supports the proposal that Capital Gains Tax rollover relief should apply on gains on disposal of farm land pursuant to a Compulsory Purchase Order where the proceeds are invested in farm land.
- ICMSA is opposed to the proposal to discontinue the Capital Gains Tax exemption on disposal of a site to a child.

Capital Acquisition Tax

- There must be no further reductions in the Capital Acquisitions tax-free thresholds for gifts/inheritances in Budget 2012.
- ICMSA believes it is vital that the Agricultural Relief for Capital Acquisitions Tax is maintained at 90% of the value of the property because any downward deviation from this will have a significant negative financial impact on farmers transferring land.

Income Tax Relief and Leasing Land

- Extend the income tax relief to land leases between family members, where the lease is for a definite term of five years or more.
- Land leasing income tax relief must be continued post 2012.

Operating a Farm as Company

- Where a farm is owned personally and the farmer has operated a farm company, then on subsequent transfer of the farm and farm company to a successor, the young trained famer relief for stamp duty should apply on the underlying land.

Farm Investment Tax Incentives

- ICMSA propose that 100% tax relief for once off increase in stock numbers should be extended to those who increase their herd size on a permanent basis, in order to encourage farmers who are expanding in line with aspirations of Harvest 2020, with a claw back of relief in the event of ultimate disposal of the herd.
- The existing regime of 25% stock relief for farmers and 100% relief for young trained farmers should also continue.
- ICMSA believes that farmers should be given a choice to write-off capital expenditure on plant and machinery and farm buildings over a period of three to eight years.
- Tax Relief for the purchase of milk quota to continue.

Funding Farm Schemes

- ICMSA believes that it is crucial that there are no further cuts to the agricultural budget for funding of REPS/AEOS in Budget 2012 and that current payment rates are retained.
- Disadvantaged Areas Payments are a direct income support across the country and ICMSA is totally opposed to any further cuts to these payments.
- ICMSA believes that current payment rates for the Suckler Cow Welfare Scheme must not be subject to any cuts in Budget 2012.
- ICMSA believes that funding must be provided for the reopening of the Dairy Equipment, Sheep Handling and Fencing, Water Harvesting and Pig Welfare Schemes.

Indirect Taxation

- ICMSA is opposed to EU Commission proposals for harmonisation of VAT rates across the EU.
- Any increase in VAT rates must be reflected in the Flat Rebate for farmers.
- All environmental goods and services used by farmers should be reduced from the current 21% VAT rate to 13.5%.
- Farmers should be allowed to claim back VAT on unfixed equipment used for pollution control measures.
- ICMSA believes that all micro-generators on-farm should be deemed as a farm activity and qualify for a VAT rebate under the flat rate system for unregistered farmers.

Higher Education Grants

- Farm assets are productive assets and are essential to the survival of the business and must not be factored into any means-test for Higher Education Grants.
- Capital Allowances should be deductible for calculating reckonable income for student grant purposes.

Social Welfare Issues

- ICMSA believes that the Government must honour commitments to reduce by 20% the 10.75% rate of employers' PRSI on earning up to €40,000.
- Budget 2012 should provide for Occupational PRSI Risk Benefits be extended to farmers.

- Those affected by the introduction of the mandatory PRSI contributions for the self-employed in 1998 should qualify for the special 50% Contributory Old Age Pension, where they have made less than five years contributions and a full contributory Old Age Pension where they have more than five years contributions.
- ICMSA believes that individuals could be encouraged to take on part-time work by allowing social welfare payments to continue and adjusting the tax credit or emergency tax credit system accordingly.
- ICMSA believes it is essential that Farm Assist is retained in its current form and rates.
- ICMSA believes that the funding available for the Rural Social Scheme must not be targeted for reduction in Budget 2012.

ENVIRONMENT AND RURAL DEVELOPMENT MEASURES

- Carbon Tax - ICMSA believes that a sectoral allowance or limited exemption must be introduced for the agri-food sector in order to protect the one key sector in our economy with significant potential for growth.
- Government must introduce the REFIT support schemes immediately.
- Government must provide for an attractive Feed-in Tariff for micro-generators.

SOCIETY OF ST VINCENT DE PAUL

Welfare and Work

- protect adult social welfare payments and eligibility criteria, the Qualified Child Increase, Family Income Supplement and the State Pension
- recognise the importance of Child Benefit in protecting children from poverty and hardship
- protect the Fuel Allowance from further cuts
- avoid creating new poverty and employment traps if changing the eligibility for and application of social welfare payments and secondary benefits
- promote the Household Budget Scheme among social welfare recipients and compel all energy providers to participate in the
- Scheme on a standardised basis
- allow self-employed people build up a PRSI entitlement to Jobseekers Benefit
- maintain the Family Income Supplement (FIS) conditions as they currently stand, in particular the income thresholds and hours requirement. FIS is an important support for one parent families especially. At a time when we must keep people in employment, an in-work income support such as FIS will be central in achieving this
- make the social welfare system more responsive to atypical work. This would allow people to take up part-time or temporary employment opportunities as they arise and would help to ease moves from welfare to work

Education

- establish a national compulsory book rental scheme in both primary and second level schools
- ensure that schools take a cost conscious approach to the burdens placed on families related to school costs; for example consider staggered payment options for contributions, photocopying charges, exam corrections, extra curricular activities, an end to crested uniforms and gym wear
- protect the Pre-School Early Years Programme and implement an After School Child Care service to provide much needed care for children of school going age
- safeguard the programmes and initiatives which support children at risk of early school leaving such as the School Completion Programme, the Home School Liaison Scheme and the Educational Welfare Board and reinstate the much needed Traveller Teaching service
- prioritise literacy and numeracy standards, paying particular attention to disadvantaged pupils in non DEIS schools
- encourage young people and adults with no or low education qualifications to access training to improve their literacy and numeracy
- remove the disincentives for low income students to access and stay in third or further education
- address the anomalies regarding access to third and further level education for migrants and their children

Health

- protect eligibility to the Medical Card and the services provided under this scheme
- remove the 50 cent charge per prescription item for medical card holders
- maintain at €120 per month the ceiling over which refunds are given for the Drugs Payment Scheme
- maintain Home Help and respite services at current levels
- encourage a flexible approach to providing transport to and from hospitals in rural areas
- deliver on the promised reform of primary care and continue the roll out of the Primary Care Strategy with its strong emphasis on preventative health care
- protect critical community health and social care services at their current levels, in particular services for children such as mental health, Speech & Language, Occupational & Physiotherapy, dental, aural and ophthalmic services
- raise the ratio of consultant posts to population to the EU norm, to address severely restricted access to key specialisms and unacceptably long waiting times for treatment

- ensure that the National Positive Aging Strategy, which SVP is feeding into via the voluntary sector group, is ambitious, adequately resourced and fully implemented

Housing and Homelessness

- maintain at current rates the tenants' contribution to Rent Supplement and the maximum Rent Supplement levels
- pay Rent Supplement directly to registered and compliant landlords, as is already the case for Rental Accommodation Scheme (RAS) tenancies
- reduce the time a person must be on Rent Supplement for eligibility for RAS from 18 to 6 months.
- protect funding for health, social care and housing support needs for people who are homeless and commit that, over time, nobody will be in homeless accommodation for longer than an emergency.
- address the Local Authority social housing waiting lists through the provision of at least 6000 units in 2012 comprising of a mix of RAS, Local Authority and voluntary and co-operative housing.
- improve housing quality standards through sustained investment in Local Authority inspections of the Private Rented Sector and a more frequent National House Conditions Survey including energy rating.
- standardise Local Authority rent levels between Local Authorities.

Major Issues of Concern

Energy

- instruct the Regulator to make binding the Minister’s statement on utilities
- protect the poorest households from the Carbon Tax increases in 2012
- improve the energy efficiency of private rented dwellings which house those on Rent Supplement, through incentives for landlords investing in the energy efficiency of their properties and penalties for those who do not
- maintain investment in the SEAI energy efficiency and retrofitting schemes targeting low income homeowners and social housing tenants
- launch and fully implement the Government’s Energy Affordability Strategy
- carefully consider the implications of the Pay As You Save Scheme for low income households and tenants
- consider an Oil Stamp Scheme for low income households dependent on domestic oil heating
- safeguard the Fuel Allowance and free energy units and extend to cover other fuel-poor categories

Financial Inclusion and Debt Management

- regulate for-profit debt advisory and debt management companies in order to better protect households with significant debts
- ensure that financial institutions provide and promote basic payments and transactions accounts appropriate for lower income people who currently do not use banking services
- implement the recommendations of both Lifting the Load commissioned by Waterford MABS and the nine principles of the Personal & Mortgage Debt NGO Group launched in October to assist people with mortgage and debt arrears.
- these two bodies recommend establishing an independent debt resolution agency and adopting a response to dealing with
- debt settlement should observe minimum essential budgets for home owners in line with those advocated by the Vincentian Partnership for Social Justice

Habitual Residence Condition

Review the Habitual Residence Condition as a priority addressing the following points:

- The lengthy appeals mechanism
- Availability to SWA during the appeals process
- Statistical information on number of applicants, negative decisions and of overturned appeals

Asylum Seekers

- increase the Direct Provision allowance as an urgent and humanitarian matter

Rural Issues

- bring all providers of transport in rural Ireland together to maximise transport for hard to reach communities and households
- maintain funding for the Seniors Alert Scheme (Monitored Alarms)

Overseas Development

- We ask government to keep its promise to invest 0.7% of national income in overseas aid by 2015

Charities and Tax Reform

- lower the threshold at which tax relief for charitable donations is possible to €100 a year
- introduce a VAT compensation scheme for charities to avoid a tax on giving

IRISH NATIONAL ORGANISATION OF THE UNEMPLOYED (INOU)

Social Protection

- Maintain social welfare rates
- Choices must be given and be meaningful
- A culture of enablement must underpin service design and delivery

Education and Skills

- Provide a full range of training and education options
- Ensure productive links to employment services
- Ensure consistency of provision and meaningful progression

Jobs, Enterprise and Innovation

- Work with employment services to create access to decent employment for unemployed people
- Ensure unemployed people seeking to create their own employment receive adequate supports
- Support local, social and co-operative enterprise developments

Environment, Community and Local Government

- Ensure that the appropriate housing supports are in place for unemployed people
- Provide proper supports to local community and development organizations working on unemployment and related issues
- Ensure that Local Government plays its part in creating the conditions for job creation and getting people back to work

Taxation

- Broaden the tax base by taking immediate action on the Commission on Taxation's recommendations on tax expenditures/breaks – with the exception of Child Benefit
- Introduce a Comprehensive Property/Wealth Tax to be levied on all assets – which should initially apply only to income earners above €100,000
- Remove anyone earning less than National Minimum Wage from the tax net - the introduction of the Universal Social Charge was a regressive step.

National Youth Council of Ireland (NYCI)

Youth Work Funding

- Assist the youth work sector to support the most vulnerable and marginalised young people through the recession by increasing funding by €3m.

Education, Training and Activation Measures

- Increase the number of places on Youthreach by 500

Youth Unemployment

- Increase the number of Employment Support Officers
- Increase scrutiny, monitoring and evaluation of JobBridge.

Child Poverty

- Maintain the current rate of Child Benefit for 2012
- Maintain the real value of the Qualified Child Increase for 2012.

Reduce Alcohol Related Harm

- Reform excise license duty so off-trade alcohol retailers pay duty based on sales like on-trade rather than at a flat rate. We estimate this would raise €3m for the exchequer.

IRISH BANKING FEDERATION/FEDERATION OF INTERNATIONAL BANKS IN IRELAND (IBF/FIBI)

IBF supports calls from small business representative groups – such as the SFA and Chambers Ireland – for an SME loan guarantee scheme and welcomes the fact that the Government is currently working on the introduction of an initiative in the autumn in line with its Government Programme commitment. A clearly-defined and targeted loan guarantee scheme which has features of shared risk between banks, the government and SME promoters, where banks set terms for loans on case by case basis with criteria such as job retention or creation is used can support a particular subset of SMEs.

Measures to attract highly skilled foreign personnel to work in Ireland
Finance Act 2009 included a provision under section 825b known as Special Assignment Relief Programme for a new form of tax relief aimed at encouraging key employees from overseas companies to take up assignments in Ireland.

With new areas identified within the wider financial services sector as future growth areas, such as green financial services activities, intellectual property commercialization and Islamic finance activities as also outlined in the IFSC Strategy Paper launched by the Department of the Taoiseach, we believe that there is still scope to make the regime more effective.

Some limitations identified in relation to the scheme are restrictions on the origins of the employee, the existing threshold and the way relief is operated by way of a refund.

IBF would welcome the opportunity to engage with the Department in further reviewing the existing rules with a view to making them more attractive to highly skilled foreign personnel to work in Ireland.

Stamp Duty
We believe that the stamp duty regime can operate much more efficiently by accommodating new products in the financial services industry by either:
a) Applying the stamp duty charge on conveyance on sale only to Irish land and buildings and shares, as perhaps intended with the initial meaning of "property" or,
b) Clarifying and expanding the list of exemptions, notwithstanding the fact that this exemption list will need to be updated regularly to account for the development of new financial instruments.

A medium to long term solution to inefficiencies could involve refocusing the stamp duty regime on those elements of the current regime which generate the bulk of stamp duty revenue for the Exchequer, This approach was adopted in the UK in 2003 UK Finance Act with a view to modernizing the stamp duty regime and addressing a range of difficulties ad inefficiencies within the preceding system.

Charge to Irish Income Tax and FIN48
IBF propose that exemptions available under S198 TCA 1997 should be widened to include situations where the holder of Irish debt has exempted from Irish withholding tax by virtue of the Eurobond exemption, regardless of residence in order to ensure that Irish bonds remain attractive to foreign investors who prepare financial statements in accordance with US GAAP.

Encashment Tax
We believe that there is not any benefit in the continuation of the encashment tax scheme. In the case of Irish investors, the tax withheld is creditable against the Irish tax liability. The scope of the scheme is such that it is very difficult for an institution which may collect interest or dividend income on behalf of customers or counterparties to know whether it has achieved full compliance.

IBF propose that encashment tax should be abolished.

The Social Support Infrastructure Must Not Be Destroyed

- SJI proposes that Government conduct a long-term impact assessment of decisions to be made in Budget 2012 to ensure they do not lead to deterioration in Ireland's social support infrastructure.

Welfare Payments and Welfare Reform in Budget 2012

- SJI believes that Budget 2012 should not reduce social welfare rates nor change the value of Child Benefit payments for any household. Budget 2012 should also reverse the cuts to fuel, electricity and telephone allowances introduced in Budget 2011.

A Corporate Profits Levy

- SJI proposes that a levy of 2.5% be introduced on corporate profits in Budget 2012. This would provide an additional €829m in taxation revenue in 2012.

Earners Over €100,000

- Social Justice Ireland proposes that a USC levy of 3% be extended to all income in excess of €100,000 irrespective of its source. We estimate that this would provide an additional €50m in taxation revenue in 2012.

Site Value Tax

- Budget 2012 should allocate sufficient resources so that Government can proceed to introduce a fair site value tax in the near future.

Carbon Levy Increase

- SJI has supported the introduction of a carbon tax, however, we regret that once introduction in 2010 Government did not use some of the money raised to target low income families and rural dwellers who were impacted most by this tax. As the tax is increased in Budget 2012, it is essential that Government set aside a portion of the additional revenue to assist these house-holds. We suggest that €40m should be used in this way giving a net revenue increase of €120m in 2012.

Introducing a Text Tax

- Introduce a tax of one third of once cent (€0.0033) on each text sent by SMS through mobile phones or any other device. We estimate that this would provide an additional €40m in taxation revenue in 2012.

Public Expenditure : Reductions and Increases

- €300m should be saved in public procurement process
- €10m should be saved by reducing government payment for legal fees.
- A further €600m should be saved from public expenditure to be identified once the CER is available.

Social Housing

- SJI proposes an additional €20m to be made available to support the work of social and co-operative housing organisations in addressing the needs in this area.

Rural Transport

- Provide further resources for the development of local transport strategies and initiatives tailored to meet local needs. SJI proposes an increase of €10m in Budget 2012 to fund rural transport.

Bad Nutrition Tax

- Social Justice Ireland proposes the introduction of a 2% tax on salt, alcohol, sugar and saturated fats to yield €15m.

Labour Market

- Introduce a new Part-Time Job Opportunity Programme to provide real, part-time jobs for 100,000 long-term unemployed people.

Education

- Introduce a loan scheme for 3rd level students.
- Increase funding for adult literacy.
- Increase primary school funding.

Health

- Investment of €325m is required over five year i.e. €65m each year. This would enable 12.15 community nursing facilities with about 50 beds each to be replaced or refurbished each year. SJI proposes €65m should be allocated in Budget 2012 as the first tranche of funding for Older People.
- Investment of €250m is required over a five-year period to support infrastructural development is putting in place the 530 primary care teams that are required to cover the whole country. SJI proposes €50m should be allocated in Budget 2012 as a new tranche of funding for Primary Care Teams.
- Social Justice Ireland proposes €50m be allocated in Budget 2012 as the first tranche of funding for Children and Family Services.
- Social Justice Ireland proposes €35m should be allocated in Budget 2012 as the first tranche of funding for Mental Health – Implementation of Vision for Change.

Capital Investment

- Social Justice Ireland proposes that a further investment of €1bn should be added to the capital programme in Budget 2012.

Pensions

- Social Justice Ireland proposes that the tax-break for all pension contributions should be standard rated in Budget 2012. This would increase the tax-take by €700m on a full year basis.

Work

- Refocus investment appropriately to resource the preparation and enabling of unemployed people to access jobs.
- Introduce a Part Time Opportunities Programme.

Working Poor

- Ensure the working poor can benefit from the full value of their tax credit by making tax credits refundable.

Housing

- Increase investment by at least €20m to support the work of social and cooperative housing organisations in addressing needs in this area.

Disability

- Increase investment by at least €10m to ensure the disability support infrastructure is not destroyed

Public Services

- Protect the social support infrastructure
- Increase support to CV sector to deliver public services.

Child Poverty & Child Benefit
- Protect Child Benefit payments; do not cut or tax them.

Overseas Aid
- Increase the ODA budget by €50m to ensure it meets the 2015 target.

Carers
- Publish the National Carers Strategy immediately and resource its implementation adequately without delay.

Sustainable Development
- Resource the production and implementation of an updated National Sustainable Development Strategy.

Community and Rural Development
- Address rural disadvantage (e.g. transport, housing etc).
- Protect rural services such as the Rural Transport Initiative and the Community Services Programme.

Asylum Seekers
- Ireland is now the only EU country in which asylum seekers are not allowed to work. Direct Provision violates asylum seekers' rights to an adequate standard of living, particularly the right to adequate housing and interrelated rights to food and health. Reverse this approach.

Migration
- Establish a new framework to address integration issues to ensure human rights are respected.