Tax Policy Area – Major Issues in the coming year

Direct taxes

Big issues in the coming year in relation to direct taxes will include

- Consideration of appropriate stance of income tax policy in the short and medium term
- Treatment of high earners XXXX

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EU issues

Our policy and legal relationship with the EU is a growing key risk area, which requires to be managed:

(1) In the short-term, we need to anticipate and deal with EU State Aid and 'Freedoms' decisions. There are a number of these on which work is very active at the moment, including decisions in relation to state aid to Aughinish Alumina (we are challenging the Commission in the ECJ), Stallions, Patents exemption, Charities' reliefs, remittance basis, VAT on local authority services, and so forth. ECJ decisions can also have a very significant impact, and we seek to influence these by making a national submission when cases arise.

(2) EU Tax Policy – we monitor and develop strategic response to an increasing number of EU initiatives, including in relation to common consolidated tax base, VAT, excise and so forth, to ensure Ireland is appropriately represented and Irish interests protected. Issues include

a. EU harmonization agenda generally
b. CCCTB in particular
c. Various proposals/ideas for new taxes/euro taxes, e.g. tax on texts, flights etc.

(3) Communication of the Irish position on all of these issues is important, in particular in influencing other Member States to support the most sensible line.

Revenue Powers/Administrative Issues

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Various issues have arisen in relation to tax administration in the past year. These give rise to requests for comment from Minister for Finance. It is important that tax policy development takes account of administrative issues and resource/structural constraints where they exist. There may also be demands for simplification measures to ease administrative burdens.

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