

Report of Tax Strategy Group Meeting on 13 September 2006

Minutes of the meeting on 24 May 2006 (TSG 06/03)

1. The minutes of the meeting of 24 May 2006 were agreed.

Economic Framework for the Budget (TSG 06/04)

2. This paper was presented to the Group and set out the Department's view of the current economic situation and prospects together with the issues which should be borne in mind in forming the 2007 Budget. Information on the domestic, EU and international economic influences was also provided.

Income Tax (TSG 06/05)

3. The key elements of income tax policy as set out in the Government Programme and supported by commitments in *Towards 2016* were noted by the Group. There was a general discussion aimed at continuing to achieve the policy aims contained in the document. A discussion also took place on the health contribution levy.

Capital Tax Issues (Stamp Duty and DIRT) (TSG 06/06)

4. The Group discussed the various stamp duties including residential and non-residential property, shares, ATM and credit cards, insurance levies and DIRT.

Selected VAT Issues (TSG 06/07)

5. The paper discussed the VAT rating structure in Ireland, VAT issues arising in the domestic context and VAT development at EU level. The options for possible changes to the VAT system in the context of Budget 2007 were considered and the various constraints were noted. In 2005, VAT accounted for approximately 31% of the overall tax yield to the Exchequer. VAT rebates on conferences and VAT fraud were among some of the issues raised. A paper on the review of VAT on property transactions will be presented by Revenue at an early date.

Distribution of Documents

6. Three documents relating to Income Tax were distributed at the meeting;
 - The Income Tax Ready Reckoner (TSG 06/08),
 - Summary of Income Tax Costs Changes and
 - A table titled “Average Industrial Wage and Entry Point to Higher Scale”.

Attendance list and Next Meeting

7. The attendance list for the meeting is attached. The next meeting is scheduled for 26 September 2006 at 10.30 am in the Department of Finance.

Rory O’Kelly

13 September 2006

TSG Attendance list of 13th September 2006

Department of Finance:

Donal McNally

Kevin Cardiff

Pat Murphy

Liam Murphy

Vincent Palmer

Tony Gallagher

John McCarthy

Karl Ryan

Kevin Cashell

Joe Cullen

Ray Kavanagh

Paul Bolger

Colin Hunt

Rory O' Kelly

Department of the Taoiseach:

Gerry Hickey

Aedan Hall

Revenue Commissioners:

Josephine Feehily

Eamon O'Dea

Liam Hennessy

Clare Robson

Department of Enterprise Trade and Employment:

Denise Mullins

Office of the Tánaiste:

John O'Brien

Apologies

Tom Mulherin – Department of Social, Community and Family Affairs

Marie O'Neil - Department of Social, Community and Family Affairs

Caroline Daly –Attorney General's Office