

Report of Tax Strategy Group Meeting on 19 October 2010

Minutes of the meeting on 5 October

(TSG 10/16)

1. The minutes of the meeting of the 5 October were agreed.

Energy and Environmental Taxes

(TSG 10/17a)

2. The paper on Energy and Environmental Taxes was discussed by the Group following its presentation. The paper focused on issues surrounding the carbon tax. Issues covered included the implementation of the carbon tax which is ongoing, the introduction of the carbon tax on solid fuels, the options for increasing the carbon tax rate and options for increasing excise duties on energy products.

Vehicle Registration Tax (VRT)

(TSG 10/17b)

3. The VRT paper outlined the decline in new car sales in 2008 and 2009 and how the VRT yield to the Exchequer was affected. The Group noted the strong increase in new car sales in 2010 compared to 2009 which was assisted by the car scrappage scheme. Other issues discussed included the trend towards purchasing low emission cars, the decline in the average price of new cars and the Commission on Taxation recommendations

Corporation Tax

(TSG 10/18)

4. The Corporation Tax paper dealt with significant current issues setting out recent trends in the yield from Corporation Tax and giving the background to and the importance of maintaining our single low rate of CT on trading income. The Group was also briefed on the potential for further change to facilitate economic growth, the R&D tax credit scheme, tax relief for acquisition of intangible assets and tax exemption for new start-up companies.

Review of Pooling of Foreign Credits on Royalty Income

(TSG 10/19)

5. This paper outlined the current tax treatment of royalties payable to Irish businesses in respect of intellectual property that is used abroad. The paper examines proposals advocating the introduction of a scheme that would allow the pooling of foreign tax credits on royalty income.

Attendance list and Next Meeting

6. The attendance list for the meeting is attached.

7. It was agreed that the meeting scheduled for the 2nd of November would be deferred until Tuesday, 16th November 2010, in Room 0.2, South Block, Government Buildings, Upper Merrion Street, Dublin 2.

Rory O'Kelly

November 2010

TSG Attendance list, 5 October 2010

Department of Finance:

Derek Moran

Paul Ryan

Pat Murphy

Gary Tobin

Kevin Kirwan

John Day

John Conlon

Donal Murtagh

John Burke

Eric Gargan

Jim Stafford

Kate Levey

Rory O'Kelly

Department of the Taoiseach:

Dónall Geoghegan

John Shaw

Revenue Commissioners:

Michael O'Grady

Eamonn O'Dea

Philip Brennan

Department of Enterprise, Trade and Innovation:

Deirdre McDonnell

Paul Kealy

Brian Whitney

Department of Social Protection:

Brian O'Raghallaigh

Department of Communications, Energy and Natural Resources:

Stephen O'Connor

Richard Browne

Office of the Attorney General:

Caroline Daly

Department of the Environment, Heritage and Local Government

John McCarthy

Apologies:

Jim O'Brien – Dept. of Finance

Jim Breslin – Dept Health & Children