Budget 2011 - 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.

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IBEC

Economic reform agenda

- Ireland has regained significant competitiveness over the past two years but in areas such as wage costs and energy further improvements are needed. We remain about 20% more expensive than the UK for most business input costs and closing this gap must be a priority for Government policy
- Administered wages (National Minimum Wage (NMW); Joint Labour Committees (JLCs); Registered Employment Agreements (REAs)) are currently an obstacle to competitiveness adjustment. The NMW should over time be adjusted to the EU 15 average, while the presence of the NMW means that the JLCs and the REAs are no longer of relevance and should be removed
- The unemployment crisis must be at the top of the agenda for all policy makers. Every new Government policy or legislation must be 'jobs proofed'
- Re-energise supports provided for indigenous enterprise. In particular, greater support is needed to support marketing initiatives for SMEs

Fiscal adjustment in Budget 2011

- IBEC supports a fiscal adjustment of a minimum of €3 bn in Budget 2011
- It is accepted that €1 bn of this will come from a reduction in the public capital investment programme
- Of the remaining adjustment no more than €600 mn should be on the taxation side and the balance should come from reductions in current expenditure
- An independent fiscal policy council should be established immediately

Taxation priorities

- Government must continue to commit to Ireland's 12.5% corporation tax brand
- There should be no further increase in the marginal rate of income taxation as it would damage Ireland's ability to attract mobile high skills and would provide a strong disincentive to work
- VAT and excise duty should not be increased as they are already high by international standards and any change could lead to a resumption of large scale cross-border shopping and accelerate the level of smuggling that already exists in the Irish market
- The current Non-Principal Private Residence charge should be increased from €200 to €400 annually – this would raise €80 mn in additional revenue
- A new property tax on residential property should be rolled out as soon as possible, although this may not be feasible for 2011
- Downward indexation of income tax credits in line with wage trends is required to raise the necessary taxation revenue targeted for 2011. A 6% deindexation would raise about €550 mn in a full year
- Tax relief on personal pension contributions should not be changed until a full impact assessment is carried out
- Existing anomalies around the threshold for the health levy should be addressed
- Supports for employee financial involvement should not be diluted in the process of introducing a new universal social contribution

- Employers' PRSI costs are causing competitiveness problems for Ireland and the system needs to be amended via introduction of a cap or a tiered reduction in rates
- A new expat income tax credit is required in order to make Ireland attractive for the mobile specialist skills needed to deliver the smart economy
- Greater flexibility is required in how the R&D tax credit is treated for accounting purposes
- High electricity costs remain a key element of Ireland's competitiveness disadvantage - a portion of the carbon tax must be ring-fenced to help reduce electricity costs for business and to offset the impact of rising Public Service Obligation costs

Current expenditure

- A comprehensive economic assessment of the return on investment across all areas of current expenditure is required in order to provide a solid evidence base for further expenditure reductions
- Productive investment in areas such as education and training; R&D; labour market and enterprise supports must be excluded from general cutbacks

Education and skills investment

- The overall vote for education and skills should not be reduced. However, there should be renewed focus on cost-effective solutions, including the flexibility of the teaching contract, that yield the best returns on investment and improve the effectiveness of the system
- All current revenue generated through the national training levy should continue to be made available for training purposes, with an appropriate portion being dedicated to the provision of additional in-employment training programmes
- A radical reform of junior cycle teaching methods and curriculum should be expedited. The National Council for Curriculum Assessment should receive specific funding to start the process

Addressing the jobs crisis

- The unemployment benefit system should be reformed in order to ensure that a strong incentive remains for all beneficiaries to seek employment
- The Public Employment Service requires urgent reform - at a local level, there should be complete integration of welfare payment and employment services in one-stop shops. Employment service officers should be responsible for taking claim details, monthly signing-on, initial sanction decisions, as well job-search monitoring, employment counselling and job-brokering
- The Employer Job (PRSI) Incentive Scheme applying to jobs created in 2010 should be extended to 2011
- The Work Placement Programme should be scaled up
- A strong national graduate internship programme is needed and should be supported by dedicated bursaries and links with higher education institutions
- A tailored reskilling initiative is needed in order to address labour shortages which remain in the economy. In particular, sales vacancies are going unfilled while a range of IT related skills shortages also remain

Extend the Adjustment Period, Focus on Growth
From early 2009 Congress warned that that the economic choices made by this Government – austerity as opposed to stimulus – were a recipe for disaster. We said they would depress demand, cause job losses and retard prospects for growth. To date, we have seen three deflationary budgets that have taken some €13 billion from the economy. Yet our budget deficit is now higher than when the austerity programme began and we have mass unemployment. That is not a sign of success, by any standard. It is now clear that we will not meet the target of reducing our budget deficit to 3% of GDP, by 2014. That target is arbitrary and artificial. If Government persists in trying to reach it, they will likely cause deep and lasting damage to our economy and society. It will devastate lives and communities. Congress believes that we should extend the adjustment period to 2017, thereby allowing growth a chance to take hold. The key to that growth is investment and we have set out a number of proposals on this, in our submission. Deficit reduction can be achieved through the taxation of latent sources of revenue and by achieving savings by means that do not entail taking large amounts of money out of the economy. Ultimately, the key is job creation and growth.

Economic Impact of Congress Proposals
The economic impact of the proposals in our submission would be to provide a small stimulus overall to the economy. In contrast, the Government's proposed cuts will deflate it substantially further. If their measures are in the order of €4bn they will deflate the economy by an additional 3%. A precise figure depends on where the cuts and taxes are imposed. Our submission contains a broad menu of proposals and alternative options, so it is not possible to determine their precise impact on the economy. Congress would almost certainly prioritise some tax rises over others, in ways which would be far less deflationary.

Job Creation & Protection
We need new initiatives and greater urgency on job protection and creation. A sum of €1 billion from the National Pension Reserve Fund should be invested immediately in job creation, job retention and upskilling. Some immediate job creation ideas suggest themselves:

- **New Water & Waste Network** Efficient use of water will generate considerable long-term environmental savings and could create over 30,000 jobs during delivery stage and some 12,000 permanent jobs.
- **Retrofit Energy Inefficient Buildings** Comhar estimates the number of energy inefficient homes at 700,000. This work is labour-intensive and has major downstream benefits (materials, manufacturers, suppliers etc).
- **Next Generation Broadband (NGB)** The Telecommunications & Internet Federation say €2.5 billion would bring a modern NGB network to 90% of all homes and buildings. The benefits for employment and future competitiveness are clear.
- **Education** Third level institutions require investment to accommodate the surge in student numbers - new buildings, facilities, refurbishment etc.

There is also great scope for investment in: national and secondary roads, green energy, electricity grid upgrade, development of natural resources (peat, forestry), conservation technologies, reskilling and upskilling our labour force, return to education, public transport, urban regeneration and flood defences. Government should adopt - as a matter of urgency - the model of **'job protection'** so successfully implemented across the EU. This provides state support to viable jobs threatened by the downturn and makes solid social and financial sense.

New Ideas on Public Investment

- Money from the **National Pension Reserve Fund** should be utilised to invest in addressing our infrastructural deficit and jobs crisis. Over time, this could rise to €6 billion that would be invested in Ireland's future, rather than in bank subsidies or foreign equities.
- Start **auto-enrollment in the state pension fund** immediately, which will result in substantial flows of funds to the Exchequer.
- Introduce amending legislation to provide for **investment in Sovereign Bonds by Pension schemes** as called for by Congress, IBEC, IAPF and others.
- Encourage **PRSAs to invest in the state pension scheme**. If 20% invested next year, this would provide around €1 billion.
- Increase the interest on the **National Solidarity Bond** (an idea originated by Congress) and hypothecate the investment into designated projects and market it as such.
- The key role of state enterprises in our recovery must include the establishment of a State Holding company as a new, commercially-focused structure.

Contribution from the Corporate Sector

We should extend the **income levy to corporate profits,** in this time of national crisis, until the 3% budget deficit target is reached. Only companies making a profit would pay. Multinationals could also **defer repatriation of a portion of their profits** and set up a fund to invest in new or existing Irish-based enterprises and infrastructure. Such a fund could amount to billions of euro and could make a significant contribution towards economic renewal and development.

Banks & Bondholders

Government must act in the interests of its people, not the markets. It must force down the value of all bondholders' holdings - which they risked in recklessly-run, private banks - to 10% of their nominal value. This could see a **saving of up to €24 billion for taxpayers**.

Tax Measures

The tax system is **rife with exemptions and reliefs**. Their combined impact narrows the tax base. Unless there is a proven benefit to the taxpayer, they must be closed. A rise in the general **rate of DIRT to 30%** would raise an additional €125m. The **minimum tax for high earners** - using avoidance schemes - should be increased to 35% and the threshold reduced to €100,000. There should be a limit on earnings for pension purposes of €100,000. The beneficiaries of **capital gains** are better placed to meet tax liabilities than those on minimum wage. In the U.S., capital gains are taxed as income with lower discounted rates on long-term gains. We should do likewise. The current **threshold for inheritance** from parents (€414, 799) is far too high and should be reduced. Specific protections might be required in cases of people living in inherited property, where these beneficiaries are on low incomes. Place a (**temporary) wealth tax** on wealth above €2 million, wealth being defined as current value of all assets, including the excess of €1m in the value of private houses. Reduce the 183 day test for **tax residency purposes** to at least 90 days, as obtains in the UK. Where a **tax exile's** main centre of vital interest is here or if they are assessed on a permanent home test, they should pay tax here. If it is intended to merge the **income and health levies** it is vital this is done in a way that ensures equity. The **minimum funding standard** must be eased to help occupational pension schemes which are under great stress, with most defined benefit schemes in deficit. Congress believes a **12.5% oil and gas royalty tax** - on production and profits - should be reintroduced.

Social Welfare

No **further cuts** to social welfare rates. Welfare recipients will be badly affected by the recent 5% increase in electricity prices. The price of liquid fuel has also increased (by 26.8%), placing struggling households under further pressure. We should **reform social welfare rules** which discourage employment: allow people who work reduced hours more than three days in the week to be able to claim jobseekers benefit for the time they are not working Tackle **poverty traps**, such as the loss of medical card entitlement for low-income earners which discourage people from taking up work. Introduce compensation to help mitigate the problem of **fuel poverty** and broaden fuel allowance coverage to households in receipt of Family Income Supplement. We remain opposed to means testing of **child benefit** in the absence of an adequate state supported child care system. Congress supports the Nordic **'flexisecurity'** model of robust social protection and strong active labour market policies to promote employment.

Privatisation

Privatising valuable state assets for short-term gain would be a grave mistake, especially when asset prices are very low. The record is not good. The Eircom debacle greatly delayed the roll out of fast universal broadband.

Corporate Governance

Company laws must be radically reformed with a shift from the narrow interests of shareholders to the broader stakeholder model.

Community Employment

Congress supports the campaign of SIPTU, OPEN, Mental Health Ireland, the Irish National Organisation of the Unemployed and Inclusion Ireland to protect the conditions of people with disabilities and lone parents on Community Employment (CE) schemes.

International

Congress recognises the critical role played by Overseas Development Assistance in driving towards the realisation of the Millennium Development Goals and as a stable source of funding for poorer countries. We support the introduction of a Financial Transaction Tax (FTT) which could raise between €160 and €700 billion (more than 3 times the current levels of international aid). It would also tackle corporate tax evasion and ensure more effective regulation of banks.

CONSTRUCTION INDUSTRY FEDERATION

Context for Budget 2011

Getting people back working should be a primary goal of policy. Budgetary policy should, in line with the stated position of Government, prioritise the delivery of much needed public infrastructure as the most immediate and effective way of supporting and creating employment in the Irish economy and restoring national competitiveness. Any new tax measures should be both sustainable and least likely to cause harm to economic growth and employment. In Budget 2010, the Government identified a number of measures to broaden the tax net that fulfil both of these requirements. International experience indicates that the balance of fiscal consolidation, in order to limit the damage to the economy’s growth potential, should be on current expenditures. To this end, measures aimed at reform of the public sector, including increased productivity and reductions in size, should be prioritised. The Budget provides an opportunity to demonstrate that the tax system is responsive to, and capable of adjusting in line with, the new economic conditions in Ireland, with significant opportunity to boost employment, Exchequer revenues, confidence and future economic growth through measures outlined in the document.

State of the Market

Construction output in 2011, in the absence of appropriate Government action, will be less than half its optimum size, resulting in unnecessary job losses and delayed economic recovery.

Public Capital Investment Programme:

The Government’s recently published ‘Infrastructure Investment Priorities 2010-2016’ reconfirms the cost-benefit logic in favour of a strong capital investment programme that delivers much needed infrastructure whilst simultaneously getting workers off the Exchequer’s social welfare. It is the view of the enterprise and construction sectors that funding has already been cut too far and that further cuts would severely undermine, domestically and internationally, the credibility of Ireland’s infrastructure development plans. New sources of financing, particularly Infrastructure Bonds, are needed to help compensate for the reduction in direct Exchequer funding. Options include investment through the National Pension Reserve Fund, which would guarantee significant returns (gross returns per annum of approximately 10%) to that fund whilst accelerating domestic economic recovery. Government should also reform the PPP model to encourage greater use of private finance through this proven methodology.

- The industry is calling specifically for the establishment of a Task Force, centred in the Department of Finance, to oversee the reform of the process. Government should act on the opportunity, particularly having regard to the completion of the Inter-Urban Motorway Programme, to extend the competency and capacity within the National Roads Authority to other programmes with the objective of improving the management of priority public capital investment.
- The creation of a Centralised Water Authority to collect charges, manage water resources, direct investment in infrastructure and handle customer

services provides a basis for pooling existing resources, with the potential for huge benefits in terms of efficiency.

- Procuring authorities must advance lead-in planning and design work and schedule programme delivery so as to ensure a viable multi-annual capital projects pipeline to support the maintenance of a cost effective construction sector and ensure value for money for the taxpayer.

Stamp Duty

In the current environment, persisting with stamp duty on property transactions represents a significant opportunity cost to the Exchequer. Budget 2011 should introduce a time limited 0% stamp duty rate on all property transactions as a revenue-generating measure with the view to its ultimate phasing out and replacement by a more reliable, sustainable and equitable form of taxation.

Property Markets:

- The Government should consider a time-limited tax credit scheme, or savings scheme, to facilitate new home ownership amongst first time buyers. Such measures would more than be repaid to the Exchequer by the immediate release of trapped VAT on the closure of house sales.
- The Home Choice Loan Scheme should be clearly articulated and marketed to highlight the enhanced mortgage options available in the market.
- The Government's proposal to end mortgage interest relief for new borrowers from June 2011 should be reconsidered, and extended for a further period of 12 months.
- The Government must pursue an integrated policy response to Ireland's social housing needs, moving away from current one-size-fits-all models that have failed to deliver for either the intended beneficiaries or the tax payer.
- The VAT clawback arrangements in place in respect of temporary lettings of new homes by the developer should be reviewed so as to eliminate the existing anomaly whereby a double VAT liability arises on the eventual sale of the new home.
- New housing units which are let by the developer on a temporary basis pending sale should continue to be treated as new units for the purpose of stamp duty.
- Whilst the industry is supportive of improved standards of house building, more reality must be brought to bear on the constant review of Building Regulations, particularly Part L dealing with Conservation of Fuel and Energy. A simple analysis will reveal the significant increase in costs being imposed upon the industry with minimal benefits at a time when the industry is seeking to improve its competitiveness. Any proposals to increase costs such as higher standards of Building Regulation requirements upon the construction sector must be deferred until the economic climate is fit to absorb such increased costs.
- The restoration of a fully functioning private construction and property development market is urgently required. The role of NAMA is central to achieving this.
- It is vital therefore that NAMA has adequate working capital effectively deployed to facilitate the restructuring of the construction and property development market, and so support its role in helping the economy grow.

- NAMA must be adequately resourced to effectively deal with the task entrusted to it so that timely and appropriate decisions are taken in the long term interests of the country. An overly ambitious debt reduction policy will not serve the interests of the economy, and indeed will make the effective work out of assets more difficult from a NAMA perspective.

The Black Economy:
A range of measures are recommended to help control and counter the resurgent black economy in construction, including:

- A mandatory requirement that all construction clients should advise the Revenue Commissioners of the commencement of any construction project with costs of €3,000 or more, and identify the contractor employed
- The payment of building grants and other incentives should be made conditional on work being carried out by tax compliant contractors
- Tax assessment and tax relief should be made contingent on the provision of a certificate of building costs, which would identify all relevant building contractors
- A provision that all main contractors should be required to identify subcontractors engaged by them to the Revenue
- A requirement for a mandatory site notice displaying the name of the client, contractor, architect/engineer, and planning reference number on all projects with a construction cost of €3,000 or more
- Provision for recoupment of VAT by self-build developers, that is, ownerbuilders would be able to recoup VAT, but only where they can produce
- VAT invoices from sub-contractors and suppliers

Sustainable Energy Initiatives
Budget 2011 should adopt a ten year time horizon for the retrofitting of Ireland's existing built environment through the implementation of a range of fiscal and financial supports aimed at significantly reducing Ireland's carbon emissions and energy requirements, creating tens of thousands of jobs in the construction sector, and the wider economy, generating substantial savings for householders and businesses, and increased Exchequer revenues. Recommended measures include:

- the more widespread implementation of demand reduction targets or 'utility obligations' requiring energy providers to reduce customer demand for energy
- the ring-fencing of revenues under the Government's Carbon Tax to support the extension of existing grant-aided schemes
- the introduction of targets for the issuance of 'green loans' on favourable terms by the covered Irish banks
- the introduction of a new zero rating for VAT charges on materials purchased in order to undertake retrofitting work
- the rollout of a scheme of retrofitting across Ireland's public buildings stock

Development Contributions and Reform of Local Government Funding

- Current levels of development contributions were set at a time when property prices were double today's values. Development Contribution Schemes should be revised to reflect new market conditions, requiring a 50% reduction in existing rates, to encourage investment and employment.

- A new system for financing local Government is urgently needed, including the introduction of domestic water charges ring-fenced to meet the capital cost of water services.

Export Support for the Irish Construction Industry

- A requirement exists for a short term, targeted and highly regulated Government Bonding Scheme to support the export of Irish construction services and skills.

Delivering a More Effective Planning System

- Government should act on the considerable scope for reform of Ireland's planning system with the view to increased efficiencies, reduced costs and improved outcomes.
- Reform should focus particular attention on: timeframes for delivery of decisions, vexatious appeals and delays resulting from disagreement between Public Bodies.

Irish Creamery and Milk Suppliers Association (ICMSA)

ICMSA believes the recently published Food Harvest 2020 Report could serve as a useful blueprint for the future growth of the agri-sector, but we believe the many aspirations and recommendations outlined in the report will remain latent unless there is sufficient targeted investment. The report will provide focus for the Government and various agencies to develop policy that recognises farm income as the crucial component if the sector is to grow and develop. Irish agriculture has been clearly identified as one of the key drivers in the Government's core economic policy of an export-led economic recovery. Over 90 percent of Irish beef and 85 percent of Irish dairy products are exported. In 2009, the sector's exports were worth €7 billion - 9 percent of Ireland's total exports. ICMSA believes that with the proper incentives and support, there can be no doubt that Irish agriculture, and the wider agri-business sector, can contribute significantly to Ireland's economic recovery. The agricultural sector has been disproportionately targeted in recent Budgets and ICMSA believes that the many cuts to various schemes and taxation incentives have had a significant negative impact on family farm income. ICMSA is acutely aware of the difficulties facing the Government in the preparation of Budget 2011. We have therefore structured this submission around a number of balanced proposals which address the key issues facing farmers, and development of the agri-food sector.

ICMSA's specific principal proposals:

- Deductions for Capital Allowances and Pension Contributions must be taken into account prior to calculation of the new Social Contribution and be on the same income base for both employees and the self-employed. Pension premiums paid by self-employed should be exempt from PRSI and Health Levy.
- An earned income credit should be phased in over a short period of time for the self-employed and be equal to the PAYE allowance.
- Allow farmers to avail of income averaging for their farm income regardless of whether they or their spouse having another income from a trade, or a profession. The Income Tax Code must allow for greater flexibility in tax code due to cyclical nature of farm income.
- ICMSA believes the guidelines relating to Farm Consolidation Relief must be changed to allow for eligibility on basis of transfers that do not involve whole parcels and where a farmer acquires land to create a viable holding, the liability for Stamp Duty should be off-set against income tax on farm profits.
- ICMSA supports the Commission on Taxation proposal that Capital Gains Tax rollover relief should apply to the gains on disposal of farm land pursuant to a Compulsory Purchase Order where the proceeds are re-invested in farm land.
- Extend the income tax relief on land leases between family members, where lease is for a definite term of five years or more and that land leasing income tax relief must be continued post 2012.
- ICMSA supports the Commission on Taxation Report proposal that Agricultural Relief for Capital Acquisitions Tax must be maintained at 90 per cent of the value of the property with no limit on asset value.

- The 100 per cent Stock relief facility should be extended to all farmers up to a maximum additional investment of €100,000 and the 25 per cent rate would apply thereafter.
- ICMSA oppose any further cuts in the funding of farm schemes and propose that adequate funding must be provided for a properly resourced scheme as a replacement for REPS 3 contracts that expire in the period 2010 – 2012.
- ICMSA is totally opposed to any cuts in the Disadvantaged Area payments. Suckler Cow Welfare Scheme payments must be increased to €80/cow.

IRISH FARMERS ASSOCIATION (IFA)

Agriculture and the agri-food sector have a key role to play in Ireland's export led economic recovery. While there is positive growth in agriculture in 2010, it remains a low-income sector. It is vital therefore that funding for farm schemes and investment programmes is maintained in Budget 2011.This will provide farmers with the confidence to invest in their businesses, and strengthen and stabilise the 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. While understanding that the imbalance in the public finances must be corrected as a priority, IFA believes that sufficient savings can be found in the Department of Agriculture, under the current planned programme of expenditure, while at the same time maintaining funding for farm schemes. As a priority:

- Funding must be available in the Agriculture Budget to accommodate farmers leaving REPS 3 in the AEOS in 2011;
- the payment rate of €80 per cow must be fully restored under the Suckler Cow Scheme;
- the final tranche of funding and the ex gratia payment including interest of 3.5% for the Farm Waste Management Scheme must be paid in full in early 2011;
- the funding cut of €34m in Disadvantaged Areas must be reversed;
- funding must be made available for the 5,000 applicants locked out of the Farm Improvement Scheme in October 2007;
- the forestry premium must be maintained at its current level with funding for the forest road scheme increased; and
- funding must be provided for Installation Aid hardship cases and a new targeted scheme opened to encourage farm transfer and new entrants.

The taxation system must impact equitably on all income earners, must not undermine the competitiveness of the productive sectors in the economy, and must encourage the restructuring of the agriculture sector. This includes:

- Deduction of Capital Allowances before the calculation of reckonable income for the proposed Universal Social Contribution;
- a low rate for the Social Contribution with a low-cost and simplified returns system for low-income farmers;
- introduction of an Earned-Income Tax Credit for self-employed taxpayers;
- exclusion of farmland and buildings from any proposed Property tax;
- repeal of the Carbon Tax; and
- extension of important farm reliefs, including Stock Relief, Farm Pollution Control and Stamp Duty relief for farm consolidation.

The agriculture and forestry sectors are key to the bio-economy and can contribute significantly to meeting Ireland's renewable energy targets and reducing greenhouse gas emissions while increasing employment opportunities in the agricultural sector. 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.

Chambers Ireland

Core agenda items are:

Restore Confidence

- Stimulate the business and consumer environment by providing certainty in terms of the financial outlays needed for our financial system and leadership on dealing with the economic challenges we face. This is crucial to restoring confidence to invest and spend thereby speeding up the velocity of money

Reduce the Rates Burden for Business

- Implement the recommendations of the Local Government Efficiency Review Group without delay and pass the €500m plus in savings identified back to business. Cuts in Local authority charges on business would be of huge benefit to those companies that are struggling to make ends meet at present

Focus on Ireland's Competitiveness

- We must move immediately to a better pricing point with respect to our international competition. Chambers Ireland remains concerned regarding the poor progress on the savings and flexibility arising from the Croke Park Agreements. If we do not see significant progress in the short term on this agenda, then the agreement will have to be revisited with a view to achieving greater costs savings for the taxpayer

Implement the Revised National Development Plan without delay

- This will underpin confidence in the wider economy. In addition the regulatory cost of capital for infrastructure needs to fall. We need more certainty on securing planning permissions and the length of time spent in securing decisions in Ireland

Broaden the Tax Base

- Implement a domestic water charging regime without delay as a means of contributing towards the costs of servicing local government while reducing the rates burden on local businesses – this includes clamping down on the black economy

Some specific examples include:

- Roll out Enterprise Loan Guarantee Scheme now
- Cut the Local Government Costs Burden on Business
- Ensure NDP investments are made without delay
- Introduce a new round of Employment Subsidy and Enterprise Stabilisation Schemes with a broader focus
- Expand the Business Expansion Scheme and Ceilings for Investment
- Accelerate Tax credit for R&D
- Broaden the Tax Base

IRISH BANKING FEDERATION

The IBF's submission focuses on two areas considered of strategic importance to the future development of Ireland's financial services sector:

Ensuring a World Class Payments Infrastructure:
An efficient payments system is essential for the efficient operation of a modern economy. Ireland's over-dependence on cash and cheques for payment purposes has been well documented for some time. Action is required to address the relative over-dependence in Ireland on cash and cheques for payment transaction purposes;

Improving Ireland's attractiveness for International Financial Services:
In the current economic environment, there is an increasing need to support the development of sustainable knowledge-driven sectors in the economy. The international financial services industry is one area which has clear potential for further expansion in terms of employment, investment and innovation.

IRISH EXPORTERS ASSOCIATION

Promoting export-led Economic Recovery
The IEA recommend;

- Facilitate the set up of Special Export Zones
- Promote Ireland as a Global Distribution Centre for manufactured goods and underpin existing jobs
- Improve Irelands International Trading Relationships by expanding the double taxation agreements/streamlining visa procedures/supporting all enterprise at trade missions and exhibitions

Taxation an incentive to growth, not retrenchment is what business now needs.
The IEA recommend;

- Extension of Employment Subsidy Scheme and Stabilisation Fund
- Reform of PAYE /PRSI policy
- Property Tax and small business
- Mobile export staff incentives
- Export Entrepreneurs relief
- Expansion of Business Expansion Scheme (BES) and seed capital relief – incentivise release of private deposit funds into export industry
- Research Development and Innovation investment - tax relief for export market development

Sustaining Manufacturing Exports and job

- Re – establish Ireland as hi tech location for manufacturing
- Introduction of Production capital asset incentive programme

Driving Services Exports –domestic to international

- Main drivers
- Incentives to create rapid expansion across SME sector

Green International Agenda and Renewable Energy

- Make Irelands green credentials more transparent

Pensions Reform

- Innovative thinking required

Infrastructure to support export growth

- Integrated strategy needed
- Sea Ports policy needs funding
- Airport development must be faced up to
- Road policy and freight support-Rail Policy and a green initiative, they must be integrated

Irish Taxation Institute

Income Tax

- ITI is concerned that the taxation of income has now reached "tipping point" and there is no economic benefit to Government in raising the top rates any higher. To do so, would act as a disincentive to work and entrepreneurship and could result in skilled professionals and the wealthy moving to lower-tax jurisdictions
- ITI believes that we have no alternative but to broaden the income tax base to ensure that the burden is spread more evenly across the income earning population
- Any property tax or water charges should be simple to understand and easy to administer. They should be based on a person's ability to pay
- Some credit should be available against property tax to recognise stamp duty paid and/or large mortgages
- The introduction of a property tax should be combined with a reform of stamp duty
- The introduction of the USC should not result in any further increase to the aggregate marginal rate of tax on income
- The definition of the new single tax base will be critical – the differing bases that exist at present for PRSI, the Health Levy and the Income Levy have caused considerable difficulty and complexity
- Deductions in calculating the base such as pensions, capital allowances and share options will also be important and they become more significant, the higher the rate at which USC is set
- Clarity is needed as to whether the new USC is an income tax or a social security contribution. This is particularly important in addressing international aspects of the USC, including double taxation agreements and social security bi-lateral/totalisation agreements
- The USC must be simply to administer
- A sufficient lead in time must be provided to minimise administrative difficulties and to enable taxpayers put necessary systems in place

Encourage investment and assist indigenous business

- A targeted focus on pension sector investment in Irish businesses
- Introduction of a clearly defined tax relief for private loan investment into SMEs
- A new 50% contribution of social welfare payments to employers for new recruits

Foreign Direct Investment

- ITI believes that it would be helpful for the Minister to reiterate the Government's commitment to the 12½% rate in the Four Year Budgetary Plan and in Budget 2011
- Attracting overseas talent – an extension is required to the Special Assignment Relief Programme (SARP), bringing share options into the regime and thereby creating a more competitive offering to mobile foreign executives

Review of the Appeals System

- ITI are seeking reform of the tax appeal system and a new legislative basis for the operation of tax appeals, to be introduced without delay

Establishment of a National Business Forum

- ITI believes that a National Business Forum should be established to consider Ireland's medium to long term tax strategy. The forum should involve representatives from all stakeholders including Revenue, department of Finance, professional advisers and business representatives

Assisting indigenous business

- The close-company surcharge for professional services companies is inappropriate in the current economic climate in so far as it acts as a disincentive to business growth. ITI recommends that this surcharge should be abolished.
- Professional Services Withholding Tax (PSWT) is contributing to cash flow difficulties for businesses at present. An exemption from PSWT should be available on production of a tax clearance certificate by a relevant service provider. A PSWT clearance system should also be introduced for non-resident service providers which are not liable to tax in Ireland
- Accelerated capital allowances could be introduced for SMEs investing in new plant and machinery with a value below €10,000. A targeted measure such as this would encourage capital spending to update expensive equipment for SMEs and would generate appending activity for the economy
- The BES application process requires simplification and streamlining. To encourage additional investment, BES should be excluded from the list of specified reliefs in Chapter 2A of Part 15, TCA 1997
- Subject to review for 2010, the Employer (PRSI) Incentive Scheme introduced in Budget 2010should be extended for a further period of 12 months
- ITI believe that the 80% (Windfall Tax) should only arise where there has been an overall profit on the transaction regardless of whether the transaction is trading or a capital gain
- The current preliminary tax regime for companies should be revised so that all companies are entitled to avail of the prior year basis

Enhancing foreign direct investment

- The 12.5% rate of corporate tax should be extended to dividends received from trading profits of all private companies, thereby extending coverage to non-treaty locations
- The effect of a PAYE exclusion order should be extended to include the income levy in circumstances where an employee is sent to work in a non DTA jurisdiction
- A public information campaign is needed to highlight the benefits of the R&D tax credit regime. As part of this campaign, regularly updated information should be published by the Government on the types of activities qualifying for the credit
- The threshold on the amount of outsourced work that qualifies for the R&D tax credit should be increased to 25% over the life of the project
- Ireland is one of the few countries operating an incremental system of R&D credits. ITI recommends moving to full volume based system for R&D credits
- The period over which long life intangible assets may be written down for tax purposes under section 291A TCA 1997, should be reduced from 15 to 10 years
- A pooling system in respect of credits for foreign tax on royalty payments should be introduced.

Irish Hotels Federation

- Increase the current level of activity funded by the Fáilte Ireland and Tourism Ireland marketing budgets
- Avoid any tax increases in tourism related products and services at national and local levels and introduce a four year freeze on all public sector charges at the 2009 level
- Reduce energy costs and reduce local authority rates by 30%
- Immediately remove the Air Travel Tax
- Renew the Employment Subsidy Scheme
- Ensure the availability of appropriately priced credit and the establishment of a bank for reconstruction and development
- Facilitate the orderly reduction of excess capacity through adjustment of the tax regulations concerning tax allowances for new hotels and ensuring the planning process and regulations are not a barrier to capacity reduction
- Abolish the JLC system of establishing wage rates to encourage competiveness and support commercial viability
- Remove unnecessary barriers to travellers and introduce a common visa area for Ireland and Britain
- Restore detailed tourism figures from the Central Statistics Office which are vital to efficient marketing and planning
- Maintain the over 66 free rail travel scheme for tourists on Iarnrod Eireann and remove the unnecessary requirement for a limited period trekker ticket

<u>Macra No Feírme</u>

Macra na Feírme proposal's include:

- Macra proposes that the 100% stock relief for young trained farmers and 25% stock relief available to all farmers be extended in the upcoming budget for a further 10 years in line with the objectives of the Food Harvest 2020
- The introduction of a Young Farmer Land Restructuring Relief to allow young trained farmers restructure their holdings without being liable for transfer taxes
- The retention of Agricultural Relief in its current format at the rate of 90%
- The retention of Retirement Relief in its current format with unlimited relief
- Teagasc Third Level Agricultural Colleges must be in a position to replace staff who for example are on maternity leave, retirement or absence due to long term illness on the same basis that all other Third Level Colleges can replace staff under the above circumstances
- The immediate opening of all schemes under TAMS and the provision of a top upgrant for young farmers under these schemes
- The provision of financial engineering. A measure should be introduced to facilitate the access to credit for young farmers. The provision for this exists in Article 71 of the Council Regulation 1698/05
- Transitional cases under the Installation Aid scheme must be dealt with as young farmers had a legitimate expectation that they would receive Installation Aid
- The prompt introduction of a Modified Installation Aid scheme for young farmers

THE SOCIETY OF THE IRISH MOTOR INDUSTRY

SIMI is seeking the following:

Scrappage

- A continuation of Scrappage for a limited period through the key selling season of January to June 2011 which would support further increases in employment, increase Government revenue and improve consumer confidence and spending

Stability

SIMI is looking for stability in the following areas:

- VRT
- Road Tax
- VAT
- Hybrid vehicles

Other issues for consideration

- Introduction of a VRT Export Refund
- Improve the availability of finance for businesses in the sector and for consumers
- Reduce the cost of doing business
- Extend employment initiatives
- Allow change of Registration Plate County identifier on sale to buyer in different county

<u>DISABILITY FEDERATION OF IRELAND</u>

Main budgetary issues for 2011 include:

- To ensure that no further cuts, direct or indirect, will be imposed to the income of people with disabilities and their families in this budget, especially given the ongoing extra costs imposed by a disability
- Maintain funding for disability specific services many of which are provided and subsidised by voluntary disability organisations on behalf of the State
- Support voluntary disability organisations to continue to act as a portal to mainstream services for people with disabilities