

Report of Tax Strategy Group Meeting on 11th October 2011

Minutes of the meeting on 4th October 2011

(TSG 11/16)

1. The minutes of the meeting of the 4th October were amended as follows: Item 3, Social Welfare Package – 2012 Budget Issues was amended from “*DSP were asked to provide a paper on its strategy to tackle social welfare fraud*” to “*DSP were asked to provide a copy of the strategy to tackle social welfare fraud.*”

Corporation Tax

(TSG 11/19)

2. The Corporation Tax (CT) paper set out the recent trends in the yield from CT and dealt with the background to and the importance of maintaining our single low rate of CT on trading income. The paper also set the main developments in the CT regime in recent years, including R&D Tax credit Scheme, Tax Relief for Acquisitions of Intangible Assets, Patent/Innovation Boxes and Pooling of Foreign Tax Credits for Royalties and discussed the potential for further change in these areas to facilitate economic growth

Energy and Environmental Taxes

(TSG 11/17)

3. This paper focused on issues surrounding the carbon tax including its implementation which is ongoing and also examines possible increases in the carbon tax rate. The paper also considered possible changes to the excise duties on energy products as an alternative to increasing the carbon tax.

Vehicle Registration Tax

(TSG 11/18)

4. The VRT paper outlined the decline in new car sales of over 19% in 2008 and of 63% in 2009. Exchequer yield from VRT was €1.4bn in 2007; this declined to €1.1bn in 2008 and declined further to €375m in 2009. There was a strong increase in new car sales in 2010 but only a marginal recovery in VRT receipts of around 2% (€9m) while €24.9m was refunded under the car scrappage scheme. The Group noted that the main cause in the slow recovery in VRT receipts is the continuing trend towards purchasing low emission cars and the continuing decline in the average price of new cars.

Attendance list and Next Meeting

6. The attendance list for the meeting is attached.

7. The next meeting will take place on Tuesday, 1 November 2011, in Room 0.2, South Block, Government Buildings, Upper Merrion Street, Dublin 2.

Rory O'Kelly

20 October 2011

TSG Attendance list, 11th October 2011

Department of Finance:

Ann Nolan

Derek Moran

Gerry Kenny

Des O'Leary

Gary Tobin

John Day

Clare McNamara

Eric Gargan

Jim Stafford

Brendan O'Connor

Aisling Greene

Rory O'Kelly

Department of Public Expenditure and Reform

John Conlon

Ronan O'Brien

Stephanie O'Donnell

Georgina Hughes-Elders

Department of the Taoiseach:

Andrew McDowell

John Shaw

Revenue Commissioners:

Michael O'Grady

Eamonn O’Dea

Gerard Moran

Department of Jobs, Enterprise and Innovation:

Martin Shanagher

Paul Kealy

Ciarán Conlon

Department of Social Protection:

Brian O’Raghallaigh

Department of Foreign Affairs and Trade (Tánaiste)

Colm O’Reardon

Mark Garrett

Office of the Attorney General

Caroline Daly

Apologies

Jim O’Leary – Department of Finance

Eugene Creighton – Revenue Commissioners