

Irish Taxation Institute Says Levy Increases are causing widespread confusion and Should Not be Retrospective

- **ITI calls on Government to stop the retrospection and provide clarity and certainty to employers and taxpayers**
- **Retrospection of the levies will lead to uncertainty for both taxpayers and investors and may be open to legal challenge**

Issued Friday 24 April 2009. The Irish Taxation Institute has stated that the retrospective nature of the increases to the income levy and health levy announced in the April 7th Budget is giving rise to widespread confusion and uncertainty for employers and taxpayers

The wording contained in the Financial Resolution giving effect to the proposed increases applies an average or composite rate of levies to the full year including the three month period that preceded the Budget, whether this is by accident or design is unclear. Government's stated intention on 7th April was that these levies would apply from 1 May. It is possible that the Resolution is a blunt instrument that has unintended consequences – clarity is required. All taxpayers, be they employees, PAYE workers with investment income or the self employed could be liable for additional tax at year end and accordingly the lack of clarity is giving rise to great uncertainty about the amount of tax people will have to pay during 2009.

Speaking on the subject, Jim Ryan, President of the Irish Taxation Institute, said "We strongly believe that the procedures to collect the increased levies are unworkable for employers, PAYE taxpayers with investment income and the self-employed, and will cause added confusion to an already confused taxpayer. Furthermore, I believe that the perceived retrospective nature of these increases, whether this perception holds to be true or not, is unfair and if true constitutionally questionable. I believe that now is the very worst time to sow uncertainty."

" In the absence of a clear and open communication, coupled with well drafted supporting legislation, there is, and will continue to be, a huge level of confusion in relation to the application of these increased levies. Employers are faced with unnecessary and a costly administrative burden at a time when they should be focused on maintaining and growing their business. As it stands all taxpayers could get a nasty shock at the end of the tax year when they could possibly find themselves owing additional money to the Revenue Commissioners. The solution is simple, we call on Government to stop the retrospection, implement the new levies in accordance with the stated intention and provide clear and comprehensive legislation in support of this."