

Government must move swiftly on critical new tax recommendations in today's Innovation Taskforce Report – ITI President Olivia Lynch

The Irish Taxation Institute President Olivia Lynch has said that the key tax proposals in today's Innovation Taskforce Report must be acted on quickly if Ireland is to capture a substantial share of the innovation activity globally and drive Irish based innovation and job creation.

The ITI President said "I welcome the recognition that Ireland's tax environment is central to innovation and jobs and much emphasis has been placed on new tax measures for Intellectual Property, R&D, the supply of Venture Capital and attracting Mobile Talent. However Ireland will only benefit if we move swiftly to introduce these measures. We rank 20th in the Economic Intelligence Unit's International League Table for Innovation so very definite and confident decisions are needed urgently if we are to keep pace with competing economies".

Re: R&D for Multinational and Indigenous Companies

"Ireland's R&D incentives to date have been very influential in attracting foreign investment to Ireland. While there was some progress on the incremental element of this credit in this year's Finance Bill, it continues to affect our competitiveness and therefore the recommendations are timely and welcome. Those who were carried out R&D in 2003 should not now be penalised for doing so and there is no guarantee they will continue this activity in Ireland.

I also welcome the recommendations to increase the level of outsourcing permissible and the proposals for enhanced credit for SMEs. At present we have a low level of R&D activity amongst SMEs and this issue needs to be addressed".

Re: Human Capital

"I welcome the Report's view that we need a regime that encourages multinational companies to send their expatriates to Ireland and act as an incentive for foreign based academic and entrepreneurial talent to come to Ireland. We also need to make it easier for SMEs to attract such talent.

We have stated many times in recent months that skilled human capital is crucial to developing our Smart Economy. Ireland is competing with many other jurisdictions for this talent. While recent changes in the Finance Bill have meant progress in this area, our offerings remain uncompetitive and need to be further enhanced, as recognised in the Taskforce in their report".

Re: Intellectual Property

"The report recommends that we develop and market Ireland as an International Innovation Services Centre offering global IP management, licensing and trading services.

Essential to this is the need to improve the reliefs around intangible assets, a rapidly growing market globally. A strong package of measures combined with our position as an English speaking country in Europe has ensured our place on the short list of the international investor. However, other jurisdictions are also targeting this area through enhanced patent or innovation boxes hence clever and thoughtful amendments would significantly improve Ireland's ability to bring major investments across the line and these too must be addressed, as recognised in today's report".

Re: Smart Capital and Funding for Start Ups and Innovators

"Small & medium enterprises and start-ups are central to economic recovery and these are the entities that are currently struggling to source finance. The Report

recognises the need to increase the availability of smart capital for such companies, a very welcome move at a time when capital and cash is hard found but much sought after.

We very much welcome the recommendation that Ireland should nurture a national portfolio of Business Angel funds. We also welcome the Report's recommendation for new tax initiatives to incentivise startup and angel funding activity, together with recommendations to enhance and simplify the existing BES and Seed Capital incentives".