

Irish Taxation Institute Welcomes Revenue's Tax Payments Support for Business But Says Approach Must be Clear and Transparent

- **Tax payment support must be a clear, transparent one-stop service**
- **Interest rates on late payments too high and need to be reviewed**
- **Tax payments support service should be used to accelerate tax refunds**

Issued Thursday, 23 April 2009. The Irish Taxation Institute (ITI) has welcomed the announcement by the Revenue Commissioners for businesses experiencing problems in meeting tax and duty obligations to discuss their issues with Revenue. The ITI also welcomes the indication of a flexible approach to viable business rather than forcing early closures and possible job losses. However, ITI is calling on Revenue to establish a clear and transparent 'one stop shop' support service for business struggling to cope in the current trading environment.

With over 400 firms per month according to Revenue currently making contact to negotiate their tax obligations, says this service should support companies currently experiencing severe cash flow difficulties due of the current harsh economic conditions, but who have an otherwise sustainable commercial future. In the UK, a similar service has proved very successful since it was launched last September.

This "one-stop service" must be free of red-tape and swift so that businesses know what must be done in order to get a same day assessment of their situation, coupled with a realistic tax payment plan.

ITI also believes that the rate of interest charged on late payment and installment payment of tax is unacceptably high and damaging for business. "Depending on the tax, annualised interest of 10% to 12% can be applied. The equivalent interest rates in the UK are 2% to 4.5% and the UK rates are reviewed in line with the prevailing commercial rates" said Jim Ryan, President of the Irish Taxation Institute.

"Our rates are unsustainable and could quickly cripple small businesses. We believe the rates should be aligned with commercial rates as a matter of urgency. We must continue to support struggling businesses in the current climate."

In addition Jim Ryan said "For some SMEs, it's not that they can't pay their tax liabilities, it's that they can't pay right now. A tax payments support service will provide scope to vary payment schedules on a case by case basis taking into account the financial viability of the business in question. This must be coupled with pragmatism in the application of interest and penalties. In the long term, it is in the exchequer's interest to adopt a flexible approach to viable businesses rather than forcing their early closure because they can't meet tax deadlines in the current environment. We must support these businesses at this time, enabling them to maintain employment and future tax payments."

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