

Press release
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Fundamental re-building of the Irish Tax System says Irish Taxation Institute

Irish Taxation Institute President Andrew Cullen acknowledged the steps outlined in today's Four Year National Recovery Plan, which sees major structural reform of the Irish taxation system. The reforms set out in the plan will involve significant up-front changes to our income tax system in 2011, followed by increased consumption taxes, a new property tax and possible water charges in the latter years of the plan. All sectors of Irish society are being asked to share the burden of these revenue generating measures, which must restore growth and create jobs if the reforms are to have been worthwhile.

Income Tax

The reductions in tax credits and bands will bring more people into the tax net at the lower end and will increase the number of taxpayers who pay the marginal rate of income tax at 41%. These measures broaden the tax base to a more sustainable level for the future and bring Ireland's tax system more into line with the OECD average across a range of income levels.

Pensions

“One of the most fundamental changes in today's National Recovery Plan is the reduction in the relief for pension contributions. Andrew Cullen said “These changes are coming at a time when 45% of the population do not have an occupational pension provision, an issue which has serious implications for the long term viability of pensions.”

Business Growth Initiatives

The Government has re-iterated its commitment to the 12.5% corporation tax rate, which is the corner-stone of Irish tax policy. There are also welcome growth initiatives outlined in the plan which are vital to Ireland's economic recovery. It is imperative that these growth initiatives succeed if we are to create the necessary jobs for future economic growth. This will be the “acid test” of the plan's success and will prevent any further burden on taxpayers.