

Executive
summary

Business &
employment

Income Tax,
Social Welfare & PRSI

Pension &
retirement planning

Environmental Tax

Property Tax

Miscellaneous

Commission on Taxation

Dissecting the detail...
Miscellaneous

Executive
summary

Business &
employment

Income Tax,
Social Welfare & PRSI

Pension &
retirement planning

Environmental Tax

Property Tax

Miscellaneous

Contact

Colm Kelly

colm.r.kelly@ie.pwc.com

+353 1 792 6383

Miscellaneous

In this section...

- Indexation relief for chargeable gains
- Tax administration and regulatory burden
- Anti-avoidance
- Stamp duty on financial cards
- Excise duties

Indexation relief for chargeable gains

The Report recommends the reintroduction of indexation relief for chargeable gains, thereby excluding gains attributable to inflation from the charge to CGT.

Tax administration and regulatory burden

The Commission has reviewed the regulatory framework of how the tax system operates in practice.

In terms of Tax administration, the Commission has made some specific recommendations, including:

- Entitlement to withholding tax clearance in respect of interest, dividends, and royalties should be self-assessed.
- The 35% rate of Relevant Contracts Tax should be reduced to ensure

that the rate applicable is at a level that should not place taxpayers in a significant overpayment position.

- Introduction of flexibility by Revenue in dealing with the application of interest and penalties in bona fide situations where there is no loss to Revenue.

Anti-avoidance

In the report, the Commission states that it is of the opinion that tax avoidance offends the principal of equity and can undermine the tax base. Two recommendations are made:

- **Specific anti-avoidance:** The Commission recommends that where tax avoidance is identified and demonstrates a weakness in the law, specific legislation should be enacted to prevent any such avoidance.

- **General anti-avoidance:** The Commission comments on the general anti-avoidance provisions that were introduced to Irish tax legislation 20 years ago. It recommends that the effectiveness of these provisions should be reviewed in order to assess their effectiveness as a tool to tackle tax avoidance. In this context, the Report recommends that consideration is given to introducing a time limit in which the Revenue Commissioners are required to make a decision on a specific issue.

Stamp duty on financial cards

The Report recommends the phasing out of stamp duty on credit / charge / debit / ATM / combined cards to promote the move to a cash-free society.

Executive
summary

Business &
employment

Income Tax,
Social Welfare & PRSI

Pension &
retirement planning

Environmental Tax

Property Tax

Miscellaneous

Contact

Colm Kelly

colm.r.kelly@ie.pwc.com
+353 1 792 6383

In this section...

- Indexation relief for chargeable gains
- Tax administration and regulatory burden
- Anti-avoidance
- Stamp duty on financial cards
- Excise duties

Excise duties

Alcoholic beverages and tobacco products

The Report makes no recommendations regarding the duties on alcoholic beverages or tobacco products. However, it states that the policy approach in determining the level of excise duty on these products should take account of factors such as the impact on health, public order issues, affect on cross border trade and other social issues.

Mineral oils

The Report recognises that there is an anomaly in the way duty is collected on mineral oils. There is a deferral system in place for other excise products whereby the payment of duty can be postponed for up to a month. However, duty on mineral oils must be paid on the same day the oil leaves the bonded warehouse.

The Commission recommends that the deferral system be introduced for mineral oils. However, it recognises that this would result in cash flow cost to the Exchequer. It further recommends therefore that the change be structured to avoid this cost, for example by a once off advance payment in the year of change.

Vehicle registration tax (VRT)

The Report sees merits in linking pollution costs more closely to the actual creator of pollution. It recommends the phasing out of VRT as part of the restructuring of the tax treatment of Motor Transport.

It recognises the potential impact on the CPI, problems dealing with current fleets, and impact on rural dwellers where they may not be alternative transport options. It recommends therefore that phasing be done over a 10 year period.

The Report's recommendation to restructure the tax treatment of motor transport envisages the phased replacement of VRT by "taxes on usage" which could comprise:

- increased fuel charges
- road pricing

The usage taxes would be phased in over a 10 year period to minimise the impact and allow a more gradual increase in the price of fuel.

Executive
summary

Business &
employment

Income Tax,
Social Welfare & PRSI

Pension &
retirement planning

Environmental Tax

Property Tax

Miscellaneous

The Global Tax Monitor recognises PricewaterhouseCoopers as one of the leading firms in Ireland for tax advice by reputation.

These results are based on the year-ending Q2 2009 figures, with a sample size of 100 primary buyers of tax advice in Ireland.

Launched in 2000, the Global Tax Monitor (GTM) is a multi-client independent survey conducted by research agency TNS, that examines the competitive position of the top firms in the tax advisory market - globally, regionally, nationally and on an industry basis. It provides a comprehensive measure of firm reputation, client service and brand health, gained currently from just over 3,000 telephone interviews annually with key decision makers (CFOs and Tax Directors) in 31 key markets.

© 2009 PricewaterhouseCoopers. All rights reserved.
“PricewaterhouseCoopers” refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity. PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin 1 is authorised by the Institute of Chartered Accountants in Ireland to carry on investment business. Designed by PwC Design Studio 02030.

Colm Kelly Head of tax & legal services Alan Bigley company administration services, pensions Sean Brodie VAT, revenue audit services Paraic Burke construction, international structuring Mark Carter employment taxes, global mobility Tom Corbett VAT Gearóid Deegan employment taxes Jean Delaney pharmaceuticals, retail, customs & international trade Liam Diamond inward investment, international structuring Enda Faughnan banking, capital markets, securitisation, real estate John Fay VAT Denis Harrington international structuring, inward investment Mary Honohan consumer products, retail John Kelly pharmaceuticals Susan Kilty technology, entertainment & media Ronan MacNioclais international structuring, M&A, energy / sustainability Teresa McColgan business and wealth services Caroline McDonnell VAT Jim McDonnell banking, capital markets, alternative investment management James McNally pharmaceuticals, stamp duty Carmel O'Connor utilities, consumer products Terry O'Driscoll international structuring, M&A, consumer products Mary O'Hara employment taxes, reward, workforce reshaping services John O'Leary banking and insurance Tim O'Rahilly business and wealth services Feargal O'Rourke technology, international structuring, inward investment George Reddin services, public sector Dermot Reilly business and wealth services Gavan Ryle transfer pricing Joe Tynan technology, international structuring Pat Wall inward investment, insurance, investment management Eugene O'Riordan Cork, international structuring, business and wealth services Anita Kissane Limerick/Galway, corporate tax, VAT, business and wealth services Ronan Furlong South East, business and wealth services