

## **ITI welcomes Finance Bill '08**

The Irish Taxation Institute (ITI) has broadly welcomed Finance Bill 2008. “The Tánaiste is wisely using taxation policy to maintain and develop Ireland’s economy in an environmentally sustainable way, while continuing to support the least well-off in Irish society” said ITI President, Joan O’Connor. “Having engaged in the recent review of tax incentives, ITI continues to support well structured, strategic tax incentives as a vehicle for boosting the economy.”

“As regards attracting FDI generally, we welcome the Finance Bill 2008 changes to the taxation of foreign dividends received by companies within the charge to Irish tax which further enhance Ireland’s attractiveness as a holding company location”, O’Connor commented.

Following extensive participation in the Simplification agenda, the ITI welcomes measures announced in the Bill that provide greater certainty for small and start-up companies in meeting their preliminary tax obligations. These measures continue to “help business do business” O’Connor said.

Further simplification has also been provided through the Bill’s detailing of the new VAT on Property regime, which is more likely to impact upon the commercial sector rather than residential property. For some VAT exempt businesses, such as financial institutions, it is possible that the new regime could lead to higher VAT costs. Either way the end to speculation and uncertainty in this fundamental area is to be welcomed.

While the ITI welcomes enhancements to the R&D tax credit scheme, it believes more needs to be done in order to ensure Ireland’s competitiveness in this vital area is maintained. “The credit must be made more attractive to business in order to attract further FDI in this field – R&D is not all about white coats and Petri dishes and centres of excellence in fields such as financial services innovation must be bolstered” said O’Connor. Furthermore we are disappointed that there is no greater focus on tax benefits for acquiring intellectual property given the focus on Ireland as a knowledge economy and indeed disappointed that a long standing relief on ‘know how’ has been adversely affected.

Ireland is facing up to its obligations as regards climate change. The new capital allowances scheme for energy efficient equipment and VRT changes demonstrate that tax policy is the “tool of choice” in meeting these obligations, O’Connor concluded.

**ENDS**

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