

Irish Taxation Institute/Red C Poll National Taxpayers Poll Shows Almost 40% Do Not Understand the Tax System

- **Irish Taxation Institute poll conducted by Red C as part of ITI's Tax Week 2009 Initiative**
- **40% of taxpayers still not claiming basic reliefs**
- **Over 50% of taxpayers say they would stop or reduce their pension contributions if tax relief removed**
- **Over 50% of taxpayers agree that the supplementary budget tax increases were necessary to address the economic difficulties, but 50% also say they do not understand the levies are calculated**
- **60% of respondents believe a property tax will be introduced at the next Budget**

Issued 14 June, 2009. A high percentage of Irish workers are still unaware of the tax credits available to them, the Irish Taxation Institute said today. Mark Redmond, Chief Executive, Irish Taxation Institute was speaking at the start of Tax Week, a campaign running from 14 to 19 June to raise awareness of the key issues around taxation. To mark the week, ITI commissioned a national survey with Red C of attitudes towards tax issues which shows that almost 40% of workers do not fully understand the PAYE tax system in this country, and while over two thirds claim to understand their payslip following the recent supplementary budget, over 50% do not understand how the levies are calculated.

Speaking about the survey results, Mark Redmond, Chief Executive, Irish Taxation Institute said "This is our second national survey, the first was conducted with Red C in 2006, and encouragingly there has been some improvement with 63% of our PAYE taxpayers now saying they understand how the tax system impacts on them – a 5% improvement in three years. And PAYE taxpayers realise that they can and should actively manage their tax affairs – their tax bill is probably the biggest bill they ever pay and therefore demands far more scrutiny and checking than their credit card bills or any utility bill – especially as it is very often overstated. 19% of PAYE taxpayers now use a tax adviser to help them manage their tax affairs, compared to 7% three years ago.

However, while over 60% of respondents claim to fully understand the PAYE system in this country, this still leaves a massive almost 40% of taxpayers with a gap in understanding and this equates to a sizeable section of the population who may be over-paying tax, under-claiming refunds, or not claiming them at all. Worryingly, one third of respondents said they leave everything up to their employer when it comes to both tax and claiming reliefs, suggesting that they are neither taking control of nor actively managing their tax affairs.

One out of every two taxpayers is still unsure of all their entitlements and the four year deadline for claiming them. There's room for a lot more improvement in this regard, and it is needed now more than ever. On top of that, as a result of the October Budget and the emergency Budget in April, we are currently in the middle of massive changes to our

personal taxation system, and that's all the more reason to deliver clarity and understanding of the system to all taxpayers. On that basis, the Irish Taxation Institute is calling for the introduction of a Taxpayer Advocate who would ensure that the rights of individual taxpayers were protected. The role could also include evaluating the fairness and efficiency of our tax administration at a systemic level with appropriate reporting and recommendations for change to the Oireachtas."

Our survey also shows a pragmatic attitude among taxpayers, a majority of whom have accepted that the recent increases introduced in the supplementary budget are necessary for our economic recovery. In fact, it looks like Irish taxpayers are bracing themselves for more increases in the December budget this year, as approximately 60% have indicated that they expect a property tax to be introduced at that stage. Another strong message for Government from the Irish Taxation Institute National Taxpayers Poll 2009 is not to remove tax reliefs for pensions, with over half of all employed adults saying they would be likely to stop or reduce pension contributions if tax relief was removed.

Tax Week aims to highlight areas such as what tax credits / relief workers are eligible for, how and when to file tax returns and useful tax tips for consumers including the most efficient way to interact with the Revenue Commissioners. The Irish Taxation Institute is publishing Tax Guides on its website during Tax Week 2009 for both PAYE taxpayers and SMEs, and are encouraging as many people as possible to log on to www.taxireland.ie to find out what they are eligible for and advise on how to claim credits and refunds from Revenue.

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ITI/Red C Poll Key Findings

- Almost two-thirds claim to fully understand the PAYE tax system in this country – slightly more than seen in 2006. A slightly lower proportion of respondents are claiming the tax reliefs they are entitled to, but this is still higher than seen 3 years ago
- Females, aged 18-24 are more confident than males when it comes to understanding the PAYE tax system in this country.
- One third claim to leave everything to their employer when it comes to tax and reliefs which they can claim.
- Almost 2 in 5 are not confident they understand all the information on their certificate of tax credits and standard rate cut off point - with very similar proportions compared to 2006
- Younger 18-24 and older 65+ age groups are less likely to understand all the information on their certificate of tax credits and standard rate cut off point, how tax credits work and the tax information on their P60

- Over two thirds claim to understand their payslip following the supplementary budget, however over half do not understand how income and health levies are calculated.
- Half of all tax payers believe the tax in Ireland to be a high tax burden, however this has decreased from 2006 despite the significant increases in personal tax since that time
- Although more than half agree that the supplementary budget tax increases were necessary to address the economic difficulties, a slightly lower proportion believe that the current tax rates are fair in the current environment.
- There is mixed acceptance of the supplementary budget tax increases. Those aged 18-24 and 65+ are more likely to agree with justification for taxes
- More than 2 in 5 do not claim tax relief on refuse charges and a similar proportion do not know the time limit to claim a relief/refund.
- 6 in 10 agree that the process of claiming tax is now easier. Usage of the revenues online service to claim tax relief is low at almost 4 in 10. There is uncertainty as to whether it now takes longer to receive a tax refund than it used to.
- 6 in 10 believe that there will be a new annual property tax introduced at the next budget, but more than half of our sample would not prefer a property tax instead of further tax income increases.
- Over half of all employed adults would be likely to stop or reduce pension contributions if tax relief on these payments were removed
- The standard rate of tax is seen as the fairest tax in Ireland today. Income levy sees an even split of being either a fair or unfair tax.