

## **ITI supports overall budget objective to improve Ireland's competitiveness**

**Issued 9 December, 2009.** The Irish Taxation Institute said the overall objective of the budget to restore Ireland's international competitiveness was the right strategy for the country. As a small open economy our ability to compete internationally is fundamental to restoring economic growth. Job creation has to be a key focus and improved international competitiveness is a key enabler of this critical economic objective.

Irish Taxation Institute President Olivia Lynch said "All sections of society have borne the pain in the three most recent budgets, however the focus now is to stabilise the country's budgetary position and in particular to return the country to prosperity and create opportunities for employment, especially for those hardest hit by the downturn in the economy.

The Minister has indicated that he will introduce a simple and fair tax system in the coming year through combining PRSI, the health levy and the income levy into a new universal social contribution. However, attractiveness and competitiveness on the global league table is absolutely essential for Ireland and so the Minister must ensure that the amalgamation of these measures with income taxes does not in time exceed a combined marginal rate of 50%.

I believe the €36 million which will be allocated to an Employers Job Incentive Scheme giving PRSI exemption will encourage employers to take employees out of the social welfare system. The Irish Taxation Institute has advocated the need for such a measure for some time and we believe that this incentive will help both employers and the unemployed.

The Minister's commitment to the country's Corporation Tax Rate of 12.5% sends a hugely positive signal to potential investors in Ireland as well as those who have already located in this country. It is the hallmark of Ireland's inward investment strategy and I welcome the fact that it is "here to stay".

The Irish Taxation Institute agrees with the Minister's statement that the limit on the taxation threshold has been reached and that any further increases would be counterproductive.

The Minister's continued commitments to necessary incentives in the key areas of R&D and intellectual property, and the extension of the income and capital tax exemptions for start up companies will be significant drivers in the Government's overall focus on the Smart Economy."

The Irish Taxation Institute believes the Minister's commitment to increasing high value added activity in the Irish Financial Services sector and the changes he has signalled in the Finance Bill will support the development of Ireland as the European hub for the international funds industry.

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