



## **ITI welcomes interest rates cut on late tax but says retrospection on the income levies remains**

- **ITI welcomes 2% reduction in interest rates on late payments but says rates remain too high compared to market interest rates**
- **Retrospection remains on increases to income levies which will lead to confusion for taxpayers and unnecessary costs for employers**
- **New Intellectual Property Tax Regime will help retain and attract foreign direct investment**

**Issued 7 May 2009:** The Irish Taxation Institute has welcomed the announcement in the Finance Bill to reduce by 2% the rate of interest charged for late payment of tax bills. However, it warns that the new rates of 8-10% are still too high in comparison to market interest rates and other jurisdictions such as the UK. ITI believes that the decision to cut rates is a positive step and urges government to continue to support all business at this time, enabling them to maintain employment and future tax payments.

Speaking about the Finance Bill, Mark Redmond, Chief Executive, Irish Taxation Institute said “The reduction in the interest rate on late payments announced today is a help to firms struggling to stay on top of tax payments. It is the first time the rates have been adjusted in four years. We would encourage the government to continue its support for business by continuing to cut the rates to bring them back in line with market rates. “

Mark Redmond also said: “The Government delivered a very difficult budget for all taxpayers in April and many of those measures announced are confirmed in today’s Finance Bill. A reasonable balancing act in difficult circumstances is how we would describe the Government’s Finance Bill which was published today.” However, ITI cautioned that further analysis and consultation will be necessary before drawing a final conclusion on a number of measures in the Bill.

“On the positive side, the Bill contains innovative measures it is hoped will spur economic activity in the area of Intellectual Property.” says Mark Redmond, “The measures announced help to place Ireland in a favourable competitive position to retain and attract Foreign Direct Investment into Ireland.

On the negative side, it confirms that many taxpayers will face additional taxes through the increased income tax levies. The Bill has confirmed that taxpayers are liable to a composite rate for the year which may lead to confusion for taxpayers and cause an unnecessary and a costly administrative burden for business. The measures announced today may lead to taxpayers receiving a shock at the end of the tax year when they could possibly owe additional money to the Revenue Commissioners.”

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