

Irish Taxation Institute Says Greatest Pain Will be Felt By Middle and High Income Earners

Issued 7th April, 2009. The Irish Taxation Institute said that today's Budget is the toughest Budget the country has seen in many years. With regard to the income tax levies, ITI notes that the brunt of the significant personal tax increases are on middle and high earners. For example, the marginal rate for middle income earners has jumped from 44% to 51%. ITI says that Government must be careful not to go beyond a point where general productivity and entrepreneurial activity is damaged and disincentivised. ITI would also like to see that these income levies are reviewed and, if still necessary, incorporated into income tax rates in Budget 2010.

Speaking about other changes in the supplementary Budget, Mark Redmond, Chief Executive of the Irish Taxation Institute said "While the measures to assist those who have lost their jobs in the downturn are helpful, ITI believes Government can do more to assist the retention of employment and the creation of new jobs."

ITI welcomed Government's commitment to Ireland's 12.5% Corporation Tax rate and its intention to introduce new incentives for Intellectual Property, stating that these are very important messages for both Irish business and foreign direct investment. ITI also welcomed the Stamp Duty 'trade-in' scheme, which has the potential to release VAT in the property market.

Mark Redmond also said "In our pre-Budget submission to Government, we advocated that tax increases should be matched by public spending cuts. Today's Budget represents a massive contribution by middle and high income earners. It is important that this is now matched by similar steps on the public spending side of the equation in future Budgets. It is also important that between this Budget and the forthcoming Finance Bill, we reaffirm to both Irish and foreign markets that Ireland remains firmly open for business. We welcome the fact that in his Budget speech today, the Minister for Finance placed strong emphasis on the fiscal rebalancing required up to 2013."

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