

Minister Brian Lenihan TD
Minister for Finance
Department of Finance
Government Buildings
Upper Merrion Street
Dublin 2

17 December 2010

Re: Payment of Membership Fees to Professional Bodies

Dear Minister

We are writing on behalf of our respective professional organisations with a collective membership of 100,000 people. We are deeply concerned regarding the impact of the measure announced in Budget 2011 and implemented by the accompanying Financial Resolution No. 26 which removes the income tax exemption from payments made by employers of membership fees to professional bodies on behalf of their employees or directors. This exemption was provided for in Section 118 (5E) of the Taxes Consolidation Act 1997 and solely related to the payment of membership fees to a professional body where membership could be regarded as relevant to the business of the employer in question.

We note from the Budget documentation that the expected annual saving from this measure is estimated at €5 million. We strongly believe, however, that the negative consequence of this measure will significantly outweigh the anticipated additional tax yield. It is essential that Ireland's professionals maintain their technical competence and continue to adhere to the professional standards set down by their respective professional bodies. We need to ensure that our qualified professionals continue to play their key role in assisting Ireland in its path to economic recovery, to support indigenous Irish business and to continue their efforts to attract continued foreign direct investment to Ireland. Our citizens and members of the business community rely on the provision of professional services that are underpinned by frameworks designed to ensure technical competence and quality assurance.

Cost competitiveness is critical to regaining our economic strength. All our respective organisations have taken decisive steps to reduce our cost base. However, we have not reduced our commitment to professional education and the maintenance of professional standards and competencies. We firmly believe that imposing an additional tax cost on the maintenance of professional competence and standards is counterproductive in the context of our economic strategy. We are also concerned that such additional costs could have adverse consequences for our organisations and our ability to fulfill our mandates.

While the proposed change in treatment does not give rise to significant additional tax to the Exchequer it does represent a very material additional cost to employers and employees affected by the change. For employers the proposed change represents an

additional cost of at least 10.75% of the subscription arising and for employees paying tax at the marginal rate the cost to them is 52% of the subscription arising. We believe it is absolutely essential that we continue to develop outstanding professionals in Ireland if we are to compete on the international stage for investment and if we are to continue to provide quality services to our citizens and to the business community. We do not believe that increasing the tax cost of employing and training professionals and the tax cost to professionals themselves in maintaining their technical competence is advisable at any time but certainly not in the context of our current economic challenges.

We therefore request that the tax treatment for professional subscriptions as previously provided for under the Taxes Consolidation Act be restored in Finance Bill 2011 which we understand will be introduced to the Oireachtas in January 2011. We are of course available to you and your officials for further discussions or consultations on this matter.

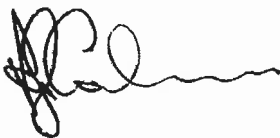
Yours sincerely



Liz Hughes
Head
ACCA Ireland



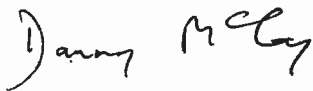
Martin Murray
Chief Executive Officer
The Association of Compliance Officers
in Ireland



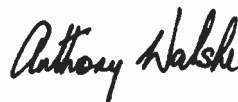
Peter Coleman
CEO
Association of Optometrists, Ireland



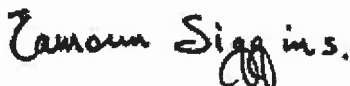
Michael McDonnell
Director
CIPD Ireland



Danny McCoy
Director General
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Anthony Walsh
Chief Executive
The Institute of Bankers in Ireland



Eamonn Siggins
Chief Executive
Institute of Certified Public Accountants in
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Ciaran Phelan
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Tom Trainor
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Ciara Murphy
Director General
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