

Irish Taxation Institute calls for establishment of Taxpayer Advocate

€50million unclaimed every year in medical expenses alone

1 in 2 PAYE taxpayers do not understand the tax system

Sunday 25th June 2006: The Chief Executive of the Irish Taxation Institute (ITI), Mark Redmond has today called for the establishment of an independent individual or entity with responsibility for the protection of taxpayers' rights.

Mr Redmond made the call following an ITI survey of taxpayers which found that 89% of Ireland's two million PAYE taxpayers believe there should be an organisation to look after the ordinary taxpayer. The survey also found that one in every two PAYE taxpayers do not understand the tax system and that up to €50million every year is unclaimed by taxpayers for medical expenses alone. The survey also found that the vast majority of taxpayers believe individual taxes like VRT and stamp duty are unfair. The survey was carried out last Monday and Tuesday among 1000 people nationwide (summary details attached).

Discussing the survey, Mark Redmond said the clear message is that people are confused about their taxes. "This depth of feeling towards what is in effect our own money is not sustainable and taxpayers themselves are telling us as much today. Lowering the level of taxes in Ireland since 1997 has had a hugely positive impact on all our lives but low rates alone don't make a good tax system. We need to reform the structure of our tax system."

The ITI has put forward three proposals aimed at helping our two million PAYE taxpayers and reforming Ireland's tax structure entitled 'Educate, Represent and Reform'. Proposing the establishment of a taxpayer advocate, Mr Redmond said: "Currently, there is no dedicated voice to represent the ordinary taxpayer, which is not acceptable. Taxpayers are entitled to expect that their rights are independently protected and they are also entitled to a swift, cost-free administrative appeals mechanism if they feel their rights are being infringed. We believe that an independent individual or entity with responsibility for the protection of taxpayers' rights should be established without further delay.

"This role would include acting as an advocate for individual taxpayers who feel disadvantaged unfairly by the system. It would also include evaluation of the fairness and efficiency of our tax administration at a systemic level with appropriate reporting and recommendation to the Oireachtas. Such an office has the potential to bring real value to our tax system."

In addition, the ITI has also proposed that an impacting, easy to follow tax guide should be sent to every PAYE taxpayer in the country and has called for the establishment of a Tax Reform Commission.

“Making tax simple will take significant levels of time and resources and so we feel that the time has come to establish an independent Tax Reform Commission to examine the entire tax administration structure and produce a programme of reform. Such a Commission, involving all the stakeholders could be the catalyst for much needed improvements”, Mr Redmond concluded.

ENDS

Further info:

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For an easy guide to understanding taxes, visit www.taxireland.ie

Survey Summary

- 1 in 2 PAYE taxpayers do not understand the tax system (1 million people)
- 50% of taxpayers are not claiming tax relief on medical expenses
- 55% of taxpayers are not claiming tax relief on bin charges
- 89% believe there should be an organisation to look after the ordinary taxpayer
- 88% are not afraid to engage with Revenue about tax
- 72% prefer human contact, not the Internet, to help answer their queries
- 75% of taxpayers believe VRT (Vehicle Registration Tax) is unfair
- 70% of taxpayers believe stamp duty on property is unfair
- 75% of taxpayers believe tax on credit and debit cards is unfair
- 75% of taxpayers believe the standard rate of tax is fair
- 37% of taxpayers do not understand tax certificates
- 700,000 PAYE taxpayers (35%) do not understand all the tax information on P60
- Two in five (42%) taxpayers leave their tax affairs to their employer yet a similar number (43%) are not sure if they are getting all their entitlements

Note for Editors

Revenue estimates that there are 2 million PAYE taxpayers in Ireland.