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**Speech by Irish Tax Institute President Mark Barrett
50th Anniversary Annual Dinner, Clayton Hotel
Friday 24 February 2017**

Ireland must be vigilant and agile in light of challenges from US tax reform and UK tax strategies post Brexit

Protecting our tax base – We cannot run a country in which a few companies are too big to fail

Addressing the 50th Anniversary Dinner of the Irish Tax Institute on Friday night, Irish Tax Institute President, Mark Barrett said: “With US corporate tax reform a serious, but yet undecided item on the tax agenda, and the UK set to use tax policy in a new strategic direction after Brexit, Ireland must be vigilant and agile”. Addressing 900 guests from the world of tax, policy making and corporate Ireland, Mr. Barrett said it is essential to keep watch over every strand of our tax regime. “Unexpected jolts, from elsewhere, must not be allowed to impact disproportionately here”, he said.

FDI – our tax regime more than our corporate tax rate

We can never take for granted the contribution of Foreign Direct Investment, nor do we. However, our tax regime is much more than just our corporate tax rate. Our policies on assignees who work for their employers across several countries, our personal tax system, our R&D tax credit and our knowledge development box – are all drivers of innovation and research for companies and our country.

Tax measures for indigenous sector growth not an optional extra – they are the nuts and bolts of any regime

It is essential we support our Foreign Direct Investment; but that is not enough. We must equally support our entrepreneurs and our indigenous sector. An economy that is technologically cutting edge, is genuinely diverse, and is truly sustainable must be Ireland’s overriding strategic economic objective.

The IMF has said that medium and long term growth in Europe will be driven by innovation but that a critical question is how tax can support that investment and innovation. Our decisions on entrepreneurs’ relief, our treatment of share options, our capital tax environment, our personal tax regime, and an R&D regime for SMEs are not optional extras for our economy. They are essential nuts and bolts for any regime that strives to be competitive internationally.

Directors: Mark Barrett – President, Brian Brennan, Marie Bradley, Colm Browne, Dermot Byrne, Sandra Clarke, Ian Collins, Ciaran Desmond, David Fennell, Karen Frawley, Ronan Furlong, Johnny Hanna, Jim Kelly, Aoife Lavan, Frank Mitchell, Tom Reynolds, Kieran Twomey, Shane Wallace, Martin Lambe (Chief Executive).
Immediate Past President – Mary Honohan.

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Fifty years ago a past generation of policy makers put in place game changing tax policies which navigated Ireland's arrival economically onto the world stage. We must be more than the inheritors of their legacy. We must imitate their initiative.

Protecting our tax base – We cannot run a country in which a few companies are too big to fail

We need a solid foundation to help us absorb the shocks that will come in the future and a vital element in that is a solid tax base. We must avoid a growing dependence on a small number of taxpayers. Regrettably on the personal tax side, as our research in recent months has shown, and also on the corporate tax side, this is a 'standout' characteristic in our tax system. Any volatility in either will cause waves rather than ripples for the exchequer. We know from bitter experience, the consequences of over dependence, on too narrow a tax base. We cannot run a country in which a few companies are too big to fail, or in which too few people bear the burden of taxation.

We must heed IMF comments on our tax base

It is worth reflecting on the International Monetary Fund report on Ireland [published last month] in which it focused on the importance of the breadth and stability of the tax base – "[the] tax base is essential to minimise the impact of potential shocks and to withstand the upcoming demographics-driven expenditure pressure on the health of public finances, as well as to safeguard the current welfare system". That advice simply retells what we remember as a hard learnt and fundamental truth from the economic crash.

We can shape new chapter with sound policy

Ireland is facing a new chapter of uncertainty, but it is one we can shape with sound policy. Writing sound tax policy is a central plank in our national strategy, and will enable our highly globalised economy thrive internationally.

We must also ensure that our tax administration system recognises the degree of uncertainty the world is going through. Where appropriate, we should endeavour to provide clarity and confidence to taxpayers, as uncertainty results in stagnation of expansion and growth.

ENDS