Irish taxpayers on incomes of €75,000 pay more personal tax than in Sweden

- Irish Tax Institute President Mary Honohan

Tuesday 22 September 2015

Irish Tax Institute President Mary Honohan said: "New research from the Irish Tax Institute shows that Irish taxpayers on incomes of €75,000 pay more personal tax than in Sweden." The study comparing Ireland with key competitor countries globally shows that Irish taxpayers on €75,000 also pay more tax than in Spain, the UK and the United States.

The Institute President said the research also shows that the personal tax burden on higher income earners in Ireland is now the highest amongst some of our competitor countries including the UK and Germany. "When it comes to attracting international executives and key decision makers the special reliefs to attract these people are more competitive in both Sweden and the Netherlands, pushing Ireland ahead of these two countries also, and to the top of global tax table", she added.

Speaking at the publication of the Irish Tax Institute's Guide to Tax for Budget 2016, Ms. Honohan said "International reports stress that one of the top three priorities emerging in major economies is to keep down tax on internationally mobile activities so as to attract the key executives who contribute to the economy. We need talent to grow our start-ups, our SMEs and to continue attracting international companies to Ireland".

Ms. Honohan said: "The higher earners are the mobile executives and decision makers whose preference and choice of country influences where investments and jobs are located. With the growing demand for talent everywhere it is vital that we are attractive to these mobile executives. It is also crucial in terms of meeting the new OECD global tax rules around substance and the presence of senior decision makers."

She said that many others countries from Scotland to Singapore and Australia to Belgium have also been focusing on the link between personal taxation and attracting talent as global mobility becomes the key issue.

The Cap Effect

The Irish Tax Institute President said that if personal tax policy continues to cap the benefit of any future income tax cuts on those earning over €70,000, Ireland will continue to be at the higher end of the global tax tables. "The introduction of a new 8% USC rate last year for those earning over €70,000 means that under current rules the portion of their salary over €70,000 cannot benefit from any income tax reduction", said the President.

Progressivity

Concluding Ms. Honohan said: “A significant gap is now developing between the progressivity rates in Ireland and the rest of world. In an EU rating system, where less than 100 is regressive and above 100 is progressive; most EU countries have a progressivity rating between 120 and 140. Ireland ranks at 183, an indicator of where we are”.

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