ADDRESS TO THE NATIONAL ECONOMIC DIALOGUE – WEDNESDAY 28 JUNE 2017
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The threat of global uncertainties - as we **know** - have flashed amber lights for Ireland and have given us good reason to look at risks in our economy, our export model and in our tax base. It has also given us reason to focus ambitiously on new plans and new exporting strategies for this country. Ireland has a strong starting point with our successful export record over many years and a deep understanding of the value of trade in our economic journey. In keeping with the theme of this dialogue -we must look to what is possible if we are take full advantage of the world that is open to us.

But in looking at what is possible we must also look at the policies that will enable that change and the policies that may be hindering it. Highly skilled talent, expertise, innovation and R&D, as well as capital investment and finance, are critical to the growth plan. However, in many important respects, Ireland's tax policies are not matching the needs of the indigenous sector and will not enable Ireland to realise its ambitions. While our corporation tax rate is valued by Irish business, we have a pattern of sustained high rates across a range of other taxes that are critical for growth and we have tax reliefs that are either **not** available or **not** accessible to Irish SMEs. It's creating challenges.

Capital gains tax and investment

Ireland's high capital gains tax rates are hindering the structural changes needed to achieve the national ambition to "increase the number of our Irish-owned companies of scale by 30%".

The 33% CGT rate is the fourth highest in the OECD and 10 percentage points above the median OECD CGT rate. It is causing stagnation in terms of the scaling and investment that the IMF says is central Ireland's future.
Ireland's "entrepreneur relief" locks out the important "angel investors", who are willing to invest in ambitious young companies. Business angel investment in Ireland is low compared to other countries such as the, Spain, France, Germany and Sweden.

On the personal tax landscape we have challenges.

Despite the backdrop of skills shortage in our highest growing export sectors, employees in Ireland have some of the highest effective tax bills in the world as salary levels rise above the average wage.

ICT is one of the highest growing sectors of **our** economy - and we know 40% of companies across the EU are reporting problems finding candidates in this space. An indicator of the scale of the talent competition and challenge.
Irish SMEs need the best human capital. But we do not have a workable share

option regime that allows them to attract talent. Ireland's Special **Assignee** Relief Programme (SARP), for attracting foreign talent effectively locks out Irish SMEs and is available only to those working within a multinational group.

R&D and innovation

Innovation is one of four pillars in a new national exporting strategy. We have an attractive R&D tax credit regime, but administration barriers are weighing heavily on its success amongst SMEs.

An ambitious strategy for Ireland

Many of our national strategies are ambitious in their targets for Irish-owned exporters. Given our strong export record over the years, Ireland is right to be ambitious for its future.

While Ireland **cannot** control the external threats to its future, what it can control by way of policy and initiatives, it should.

The Government's extensive report on Irish trade, *Ireland Connected*, stresses that the key to sustaining jobs and incomes is Ireland's ability to succeed in international markets.

No stone can be left unturned in our efforts to do so.