



Minister Michael Noonan TD  
Minister for Finance  
Department of Finance  
Government Buildings  
Upper Merrion Street  
Dublin 2

*Leaders in Tax*

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## Tax treatment of expenses of travel and subsistence

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Dear Minister

We refer to the consultation undertaken by your Department in August on the above matter.

The current tax regime is giving rise to a huge amount of uncertainty and inconsistency in the treatment of travel and subsistence expenses. The Institute made a detailed submission (copy enclosed) in response to your consultation, in which we set out a range of examples where problems arise and suggestions for legislative change that could address them.

The amendment that has been included in Section 6, Finance Bill 2015 "*Exemption in respect of certain expense payments for relevant directors*" is a welcome step in dealing with the issue of travel expenses for non resident non executive directors (NEDs). The onerous tax treatment facing these individuals was becoming a real barrier to attracting international talent to Irish boards – so crucial in bringing experience and supporting good corporate governance.

However, the burdensome tax treatment that has now been addressed for these particular individuals was not unique to them. For example, it continues to apply to Irish resident NEDs travelling to carry out the same important functions on company boards of significant Irish businesses and SMEs and we understand from discussions with the Institute of Directors, that this will pose significant problems for many of their 2,300 members.

It also continues to apply to many other Irish taxpayers whose specific working patterns require them to travel as part of their duties (for example, those travelling from home based offices and those travelling to temporary places of work). We suggested in our submission an alternative approach to the taxation of travel expenses which should help alleviate many of these issues - allowing expenses to be reimbursed without deduction of tax when incurred by an employee/director, while representing the interest of their employer and where the expense is incurred wholly and exclusively for the purpose of the business.

For as long as the fundamental principles of taxing travel expenses remain out of line with modern working practices, there will continue to be unnecessary cost and uncertainty arising for thousands of Irish taxpayers. To reflect this urgency, we are asking that the matter be addressed at Committee

*Continuation Sheet*

Stage to the Finance Bill. Our submission referred to above contains suggestions on legislative change that could be adopted and which might assist your officials in this process.

If it is not possible to rectify these issues at the Committee Stage it would be helpful if clarity could be provided on how your officials propose dealing with these outstanding issues.

Yours truly

A handwritten signature in black ink, appearing to read 'Mary Honohan', followed by a horizontal line extending to the right.

Mary Honohan

**President**

**Irish Tax Institute**