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Minister Paschal Donohoe TD  
Department of Finance  
Government Buildings  
Upper Merrion Street  
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1 February 2021

## **Ireland's Corporation Tax Roadmap – January 2021 Update**

Dear Minister,

The Institute commends you on the publication of your recent update to Ireland's Corporation Tax Roadmap. As you said in your foreword, certainty is important for business. As we await the outcome of the OECD global reform process, it is of enormous value for businesses and their tax advisers to have clarity on the future direction of corporation tax in Ireland.

The Institute also warmly welcomes your commitment to develop a new framework for domestic stakeholder engagement and your recognition that such engagement is an essential component of policy development. We have been an enthusiastic participant on behalf of our members in consultation processes domestically and internationally and we are greatly reassured that you appreciate the value stakeholder engagement brings to policy development and legislation.

We look forward to the opportunity to provide feedback to public consultations on the tax reform commitments outlined in your Roadmap during the year, including the remaining ATAD measures and most immediately on the transposition of new interest limitation rules. As noted in your update, this is a complex process that will impact most businesses and we would stress, and I believe you will agree, that early and frequent engagement is crucial to securing a successful outcome that works for business and the exchequer.

In relation to your commitment to the establishment of a "formal annual stakeholder engagement process", the Institute would like to make the following suggestions for your consideration:

Directors: Sandra Clarke, President, Peadar Andrews, Brian Brennan, Colm Browne, Oonagh Carney, Ian Collins, Amanda-Jayne Comyn, Maura Dineen, Karen Frawley, Stephen Gahan, Aileen Keogan, Aoife Lavan, Laura Lynch, Sarah Meredith, Colm O'Callaghan, Tom Reynolds, Kieran Twomey, Shane Wallace, Martin Lambe (Chief Executive).

Immediate Past President: Frank Mitchell.



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- In the case of complex issues of significant economic impact (interest limitation, for example), the process should allow for subgroups to undertake detailed, tax technical work.
- The process should mirror the key stages in the annual tax policy formulation and legislative process. As we have said in previous submissions, there is little or no room for consultation in the Finance Bill process as it stands. Earlier and frequent consultation with the Department at the drafting stage in the Spring and either side of the deliberations of the Tax Strategy Group would ensure that the insights and expertise of those directly affected by policy proposals are taken into account. We earnestly believe this would improve tax policy and legislative outcomes.
- On a practical level, we believe individual meetings with targeted groups work better than larger meetings involving several organisations. This is the process adopted by the OECD and the European Commission and although, it may be more demanding on the time of officials, it is, in our experience a more productive and efficient method of engagement, especially on tax technical issues.
- To ensure the transparency of the process, submissions and any responses or papers arising could be made public. Consideration could also be given to the publication of agreed minutes, as is the practice for the Tax Administration Liaison Committee (TALC).

It goes without saying that engagement should be genuine and constructive. In that context, we believe there should be an exchange of communication with officials responding to submissions and providing feedback to the parties who have taken the trouble to engage with them.

The New Zealand Generic Tax Policy Process which has been in operation since 1994, is universally regarded as a best-in-class tax and social policy stakeholder engagement framework. Given the commonalities in our systems of public administration, we would strongly recommend that the Department considers the New Zealand model in the design of its new engagement process. The New Zealand process was reviewed and updated in 2019.<sup>1</sup>

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<sup>1</sup> <https://taxpolicy.ird.govt.nz/-/media/project/ir/tp/publications/2019/2019-other-policy-engagement-framework/2019-other-policy-engagement-framework-pdf.pdf>

Minister, your updated Corporation Tax Roadmap reminds us just how much progress Ireland has made, over a short period, in the reform and modernisation of our Corporation Tax system. The Institute shares your objective of creating a competitive, fair and sustainable tax system that is in step with evolving international standards.

You can be assured that we will do all we can to achieve this aim in the best interests of our economy and our citizens.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sandra Clarke', with a stylized flourish at the end.

Sandra Clarke  
Institute President