

Annual Dinner 2023 – President’s Address

24 February 2023

Minister, distinguished guests, fellow members, Ladies and Gentlemen - it's my great pleasure to welcome you to our 2023 Annual Dinner, it's always a very sociable event. As a proud Clare man, the fabulous backwall behind me of the majestic Cliffs of Moher was a splendid sight when I came into the room earlier and its nice to have a little bit of home so a sincere thank you to the Institute for the nice touch.

A few years after I joined the Institute's Council, I was talking to a friend here at this very event and he gave me some advice in his non-sugar coated, direct style or perhaps it was a threat, he said: "Browne, if you are up at that podium in the coming years, keep it short." With that in mind, I won't keep you long but there are a few important points that I'd like to mention.

First, I want to thank the Minister for Finance, Michael McGrath for joining us as our Guest of Honour this evening. You were here with us for this same event in June of last year, Minister, but this is the first time we've had the pleasure of your company since you took over the reins at the Department of Finance. Congratulations on your appointment and we look forward to working constructively with you and your officials. I also want to welcome Minister of State, Kieran O'Donnell, a fellow west of Ireland man and Cormac Devlin TD who are also joining us here tonight.

A warm welcome the Chairman of the Revenue Commissioners, Niall Cody and your fellow Commissioners, Gerry Harrahill and Ruth Kennedy along with some of your colleagues. This is our first annual dinner, Ruth since you were appointed, so I want to congratulate you and wish you well in the role.

As many of you may know, the Revenue Commissioners was established 100 hundred years ago last Tuesday – the 21st of February, I'll spare you the singing but belated birthday greetings to you and all your officials in the Office of the Revenue Commissioners. I'm sure nobody in those early years could have imagined the Revenue Commissioners having to pivot from collecting taxes to giving out money

like they did over the past few years but in dispensing financial supports to businesses impacted by the pandemic and the war in Ukraine, Commissioner Cody, you and your officials have shown great agility and efficiency. The Chairman tells me the focus is back on the collecting aspect of their role now: so, order is restored!

I also want to welcome the Chairperson of the Tax Appeals Commission, Marie-Claire Maney and to congratulate you and your team on the impressive update you published last month which shows you closed a record 2,600+ cases last year. It's great progress and the Institute looks forward to continuing to work with you.

I'd also like to acknowledge and welcome the Presidents and representatives of a number of other Institutes and bodies both here in Ireland and from the UK who are with us here tonight and we are delighted you were able to join us.

So turning to tax matters: over the last decade, successive Finance Bills have brought major changes to the corporate tax code. But probably the biggest change – the move to the new global minimum effective corporation tax rate of 15% for large companies - will fall to you, Minister, when you publish your first Finance Bill in just 8 months' time.

It would be hard to over-estimate the enormity of this change and its implications for our industrial and tax policy, for the affected businesses and their tax advisers. In effect it will be a new system with a new set of rules, a different basis of calculation and links back to parent company financials etc.

It is critical that the legislation underpinning this major change provides clarity and tax certainty for business in Ireland. In that context, the Institute warmly welcomes the recent news from your Department, Minister, that a formal Business Tax Stakeholder Forum is being set up and will begin meeting next month to enable consultation on this legislation.

Close consultation with stakeholders has worked well in the past and is also recognised as best practice internationally. It's good to talk but it is important that the new arrangement facilitates a meaningful and productive exchange of ideas and

expertise which can become part of the legislative process both for Pillar Two and for future changes to our tax code.

In addition, we urgently need clarity from Government on its intentions on moving to a territorial tax regime which would be significantly less complex than our existing system. Ireland is now an outlier among OECD countries in persisting with a worldwide regime and we know from member firms that it is being used against us by our competitors in the fight for investment.

The reality is that the large multinationals are currently making restructuring decisions in anticipation of Pillar Two and the absence of a participation exemption for foreign dividends and branch profits is not helping our cause. Confirmation from Government in the near future that legislation to introduce a territorial regime will be included in the forthcoming Finance Bill in October, that would greatly strengthen Ireland's position at the negotiating table now thereby helping to protect existing and future Foreign Direct Investment in Ireland.

Separately but linked, the Institute has been calling for the entire corporate tax code to be reviewed and simplified. At a time when tax has never been more complex, the compliance burden needs to be lightened, while, of course retaining the robustness and vigilance of the administrative system.

The Corporation Tax Return now runs to over 50 pages, in 2001, it was 8 pages! The same form applies whether you are a small Irish domestic business or a large multinational. It's undermining our reputation as an easy location for doing business, particularly as we enter a new stage in the competition for foreign investment.

A wholesale simplification project will be a large and costly undertaking for Revenue. We know that. We also understand that their resources are currently being swallowed up by the Pillar Two project, but we would ask that consideration be given to the provision of additional resources ringfenced for tax simplification.

Competitiveness is also important in attracting investment in our indigenous sector. The Institute welcomes the changes to our SME supports recommended in the

Report of the Commission on Taxation and Welfare. We strongly agree with the Commission's conclusion that incentives such as the R&D Tax Credit and the Employment Investment Incentive Scheme should be reformed to make them more accessible to our smaller businesses and start-ups.

We need to nurture and support the vibrant entrepreneurial eco system that now exists in Ireland. If we don't make our incentives more attractive and accessible, investment will flow overseas and the gap between our domestic and international economy will continue to widen, increasing our exposure to any future FDI shocks.

All of these issues and changes have a direct impact on our Institute and it must adapt to those changes and continue to innovate in the way it promotes the career in tax. The Institute is conscious of the pressure on firms to recruit and retain staff and is examining what can be done to attract more graduates to the career in tax.

We have commissioned a research company to help us understand the attitudes and career decisions of under graduates, as well as our current students and recently qualified CTAs. The findings of this research will help to shape the development and composition of our education programme and the marketing of a career in tax over the coming years. And we look forward to sharing those results with you and our member firms.

Before I conclude, I want to thank my colleagues on the Council for all their support to date, especially our Deputy President, Tom Reynolds and Vice President, Aoife Lavan.

I want to thank all who contribute their time to our Institute and our Member Firms who continue to support the work of the Institute.

I want to thank the entire staff and Director team of the Institute for their work and dedication to educating our students and representing members' interests. A special word of thanks to Cathy Herbert, Samantha Feely Lenehan and Elaine Owens for organising me for tonight. And of course, not forgetting the conductor of the orchestra, he is in the detail of everything in the Institute but is able to easily pivot to

consider the strategic direction or impact also, that is of course CEO, Martin Lambe. I think Martin and the entire ITI team deserve a big bualadh bos.

A sincere thank you to my colleagues in PwC for bearing with me and supporting me during my term as President, particularly Susan Kilty our head of tax, Jean Delaney and the teams I work closely with in Kilkenny and the Mid-West.

A special word of thanks to my family some of whom are here tonight especially, my wife Catherine and our two little men, Diarmuid and Conor, who I might add are more excited about getting to Croke Park tomorrow night to see our Clare footballers play Dublin!

And finally, heartfelt thanks to you, the members. I think the numbers here tonight speak volumes about your commitment to your Institute and that continued support is vital to our success.

Just as the wild Atlantic Ocean alters the magnificent landscape behind me, EU directives and global developments are altering our tax landscape, and the future is fraught with uncertainty. That challenge is good for us, but we need joined up thinking and engagement on these matters to keep our place on the global stage, and just like our rugby team in Rome tomorrow and here in the Aviva in the coming weeks, we need everyone on the pitch in the green jersey together, to ensure Ireland is the winner!

Thank you for listening and enjoy the rest of the night.