

President of the Institute's AGM Speech
5 September 2024

Former Presidents, fellow Council Members, and members, it's my great honour and privilege to be appointed as President of the Institute. I am conscious of the high esteem in which this office is held not just among members but across the business community in Ireland. I will do all I can to protect and nurture that reputation over the coming year.

I want to congratulate my Council colleagues, Shane Wallace who is my successor as Deputy President and Brian Brennan who becomes Vice President. I'm very much looking forward to working with you both during the year.

I also want to congratulate Tom on his presidency. The Institute was very fortunate to have a member with your knowledge and expertise on international tax at the helm in the year that Pillar Two was implemented in Ireland. You were a rational, authoritative voice throughout your term. You did an excellent job, Tom and I want to thank you, on behalf of all members.

International tax will remain high on the Institute's tax policy agenda over the next year and beyond. And, in fact, the Tax Policy and Representations team has just, today submitted our response to the latest feedback statement on the legislation to introduce a participation exemption for foreign dividends which is to be published in the forthcoming Finance Bill.

We are not happy with what we've seen because, as currently drafted, the provisions show no understanding of how multinationals structure their operations. They also rely on 1990's legislation and ignore all the recent corporate tax reforms introduced to protect the Exchequer, including the Anti-tax Avoidance Directives and the Pillar Two global minimum tax rate.

It has taken us 7 years to reach this stage. And, having been on the back foot for so long on the tax treatment of foreign source income of companies based here, it is critical that we get this legislation right. And in the coming weeks, the Institute will do what it can to secure an outcome that puts Ireland on a level playing field with competitors in Europe and beyond.

Pillar Two is also far from settled and the Institute will be staying in close contact with Revenue as it develops its guidance on the implementation of the new rules. We will also continue to press for extra resources to equip Revenue to deal with the disputes which, as Tom has repeatedly warned, are inevitable in circumstances where there is divergence in the interpretation of the new rules between the participating countries.

On the domestic front, we will continue to bang the drum on the critical role tax can play in the development and scaling of Ireland's SME and start-up sector. We are often warned of the risks to the economy from the Exchequer's reliance on just ten large multinational companies for over 50% of corporation tax receipts.

An equally stark statistic recently released in a CSO report reveals that Irish-owned businesses are responsible for just 13% of the State's exports with the remaining 87% coming from foreign companies. Those numbers speak volumes about the imbalance in the Irish economy.

The Institute has been calling for changes to SME tax measures in successive Pre-Budget Submissions over the last decade. To be fair, some enhancements have been made and we made the case for further changes when we met the Minister for Finance, Jack Chambers in mid-July. Let's hope the coming budget takes bolder steps towards unleashing the potential of existing tax incentives so that they can achieve their stated policy objective.

We have also been highlighting the difficulties businesses are encountering with the new Enhanced Reporting Requirements (ERR). The Institute delegation that met the Minister in July left him in no doubt about the challenges with real-time reporting for ERR and the two-gift limit of the small benefit exemption. At a time when the cost of doing business is such a burning issue, it surely is counter-productive to impose a regime that increases compliance costs for businesses.

There is no objection to providing the information being sought by Revenue in the new reporting requirements. However, the stipulation that it be reported in real-time places a significant burden on employers. The risk is that the practice of recognising employees through small benefits and gifts will be abandoned. That, in my view, is a big price to pay when there is no loss to the exchequer. Let's hope sense will prevail and that the Minister accedes to the changes we have recommended to the proposed system.

My own specialism is in pensions and there is significant change underway with the introduction of auto enrolment next year. Notwithstanding the concerns about the cost of this change to small businesses, the provision of a pension saving scheme for low-income earners who currently have no pension plan is a prudent and welcome development.

The Department of Finance is also finalising its review of the Standard Fund Threshold. In its response to the public consultation at the start of the year, the Institute made a strong case for raising the current €2million threshold which hasn't been changed in a decade. It's easy to forget that it once stood at €5.4m before being reduced to €2.3m at the height of the financial crisis in December 2010. Four years later, it was further reduced to €2m. Hopes are high that the forthcoming Budget will reintroduce a more

realistic threshold that takes account of inflation and salary growth over the past ten years.

Among the highest priorities in the Institute's agenda is future proofing the profession. Tax has always been dynamic, but since the financial crisis, the pace of change and the growing complexity of tax rules have been staggering .

How and where tax advisers work has also been transformed by technological developments that were super-charged by the pandemic. Artificial intelligence is just the latest chapter in this technical revolution.

And, of course, above and beyond these factors is the transformational impact that climate change is having in every part of our lives.

Unsettling as this period of relentless change may seem to us now, it will bring new opportunities to the profession. And it is in this context that the Institute is advancing its research-led work to ensure we attract the best of the next generation to a career in Tax Advisory.

We are also reviewing our education programmes, and our members supports. Our commitment is to equip our students and members with the knowledge and skills they need to succeed as tax advisers in this rapidly changing world.

I am also acutely conscious of the pressures members are enduring in this era of unprecedented change. I know from personal experience how difficult it can be to combine family and other responsibilities with the gruelling pace of working full time.

Over the next 12 months, I wish to engage with our members to understand the challenges they face, and where we as their Institute might be able to support them. It's important to have this discussion, understand the challenges and work together to future proof our profession to attract the best and brightest talent.

I want to start this process during my term of office, and I hope I can rely on your support.

I am deeply honoured to be President of the Irish Tax Institute and thank you for entrusting me with this important role.