



Our reference: F 49/74/15

29 January 2016

Mr Kevin Barrett
Economic Policy Advisor (Fianna Fáil)
Leinster House
Kildare Street
Dublin 2

Dear Mr Barrett,

I refer to your request to this Department dated 27 January 2016 that we carry out a costing exercise on 3 proposals, and I am pleased to attach our responses to each of those proposals. These are set out in the right hand column of the attached spreadsheet.

Please note that this costing exercise did not examine the interaction of individual measures with other tax and/or expenditure measures.

No account has been taken of the second round impact of measures proposed, such as their positive or negative impact on economic growth, job creation, inflation or their impact on tax buoyancy.

It should also be borne in mind that that under the preventive arm of the Stability and Growth Pact, until Ireland has reached its objective of a balanced budget in structural terms, we may not introduce discretionary revenue reductions, over and above the available fiscal space permitted under the expenditure benchmark, unless they are matched by other revenue increases or expenditure reductions. Accordingly, tax reductions may have to be offset elsewhere.

The costings, including those provided by or in conjunction with other Departments, are provided on the basis that at no time will the Department be represented as endorsing the proposals costed. Equally, the Department will not comment on the merits or otherwise of those proposals. Where caveats or assumptions have been made in this response, the Departments' positions on such issues must be accurately, fully and fairly represented.

The Freedom of Information Act 2014 does not provide for an exemption for the costings of political parties proposals. Costings prepared by the Department in the context of the Budget will be treated in the same manner as all other pre-Budget submissions/requests. As is normal practice, the Department will publish all of these submissions and the responses on its website, redacting on the basis of the Freedom of Information exemptions as appropriate. Costings prepared in the context of general

elections or Programmes for Government will also be dealt with in accordance with relevant provisions of the Act.

If you have any queries on any of the above matters or costings, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Derek Moran', with a long horizontal flourish extending to the right.

Derek Moran

Secretary General

Action	Cost/yield (first year)	Cost/yield (full year)	Source	Comment	Department Comment
13 - Reduce Capital Gains tax from 33% to 25% and Enhance CGT entrepreneurship relief, increase limit for gains to €15m and reduce rate to 10%	First year cost not provided in PQ reply	-220	https://www.kildarestreet.com/wrans/?id=2015-01-20a.154	Combined effect of measures 11 and 12* above as per PQ reply	The first year cost (assuming a 1 January introduction) of reducing the CGT rate to 25% and simultaneously increasing the entrepreneurship threshold to €15m along with a rate of 10% is estimated to be in the region of €200 million.
20- Enhance role of Irish Fiscal Advisory Council to provide independent cost of party policy proposals	2	2	https://www.kildarestreet.com/wrans/?id=2015-12-17a.277	Estimate based on increasing staff numbers from 6 to 24. Current staff costs = €647,852. Assumed pro-rata increase in costs	As the staffing costs (Secretariat & Council members) for the IFAC have been approx. 75% of the overall operating costs for 2012 & 2013, this would suggest (until figures are finalised) that the staffing costs alone for 2015 were in the region of €500k. If, as suggested in this proposal, the Secretariat staffing level of the Fiscal Council was increased four-fold to 24 (an increase in the number of Council members is not suggested) in order to take on a costings role, a rough estimate of the staffing costs would be on the region

	2	2	https://www.kildarestreet.com/wrans/Pid=2016-01-19a.251	<p>The cost of the VRT rebate for electric vehicles in 2015 was €2 million. The cost of extending the measure to 2020 is assumed to be the same.</p>	<p>of €2m, depending on the grade mix. **</p>
<p>21- Extension of the vehicle registration tax rebate for electric vehicles until 2020.</p>	2	2			<p>Confirmed</p>

* As contained in the response to your previous request (3(b)) which was sent to you on 27/01/16

**The figure of €647, 852 quoted in the proposal is the amount that was transferred to the IFAC from the Central Fund in 2015.

It relates to the full operating costs of the IFAC for 2015, not simply staffing costs, and as indicated in the PQ response cited, this figure remains subject to audit before being finalised.

The staffing level quoted in the proposal refers only to the 6 Secretariat staff of the Fiscal Council, it does not include the 5 part-time Council members.

Such an increase in staffing would lead to an increase in administration expenses, the largest portion of which would be accommodation costs, which would be additional.

Therefore, an estimated cost of €2m in a full year would be at the low end of the range (up to €2.4m).