An Roinn Airgeadais
Department of Finance

Our reference: F 49/126/15

7 January 2016

Mr Pearse Doherty, TD
Leinster House
Kildare Street
Dublin, D02 XR20

Dear Deputy,

I refer to your second request to the Department for manifesto costings and I am pleased to attach responses to the six questions it contained.

Also attached (separately) please find a response to the one outstanding item from your first manifesto costing request.

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 Departments be represented as endorsing the proposals costed. Equally, the Departments 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

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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,

Derek Moran

Secretary General

Manifesto Costing Finance Batch (2) – 11 December 2015

Unless otherwise stated each query presumes no change in any other parameters.

Please provide the first and full year cost of each of the following measures for the years 2017 to 2021 inclusive.

Where it is not possible to provide multi-annual costings as requested above please provide the first year and full year costs.

Please ensure costing replies are numbered to correspond with the costings below.

1. **Taxation received from new in work payment**

Q: The taxation related revenue generated from the Family Income Supplement payment.

Response: Family Income Supplement is a weekly tax-free payment, paid by the Department of Social Protection, to help families whose income falls below a certain limit (one-parent families can also qualify). There is no taxation related revenue generated from its payment.

Q. The taxation related revenue that would be generated from an in-work benefit payment to top up all workers income to €11.75 an hour.

Response: On the basis of information available to Revenue, it is not possible to provide an estimate of the cost of this proposal as workers earning the minimum wage are not separately identified on Revenue records. Hourly pay rates or hours worked are not returned to Revenue.

2. USC

Q. Loss of revenue from abolishing the Universal Social Charge in full.

Response: The estimated first and full year cost to the Exchequer that would arise from abolishing the Universal Social Charge (USC) is in the order of €2.5 billion and €3.7 billion respectively. This cost is based on the removal of the USC structure as set out in Budget 2016.

Q. Loss of revenue from abolishing the Universal Social Charge on annual income of €70,001 or less.

Response: The estimated first and full year cost of increasing the exemption to the Universal Social Charge (USC) is in the order of €1.43 billion and €1.93 billion respectively. This cost is based on increasing the USC exemption threshold of €13,000 as set out in Budget 2016 to €70,000.

Manifesto Costing Finance Batch (2) – 11 December 2015

These costs are estimates for 2016 from the Revenue tax forecasting model using latest actual data for the year 2013, adjusted as necessary for income, self-employment and employment trends in the interim. They are provisional and may be revised.

3. VAT/VRT Refund

Q: Cost of refunding VRT/VAT to taxi drivers who purchase a wheelchair accessible vehicle.

Response: On the basis of information available to Revenue, it is not possible to provide an estimate of the cost of this proposal. However, the following indicative information may be useful.

VRT on cars is calculated on the level of CO2 emissions of each car and the open market selling price. The VRT rate charged varies from 14% to 36%. Taking an average open market selling price of €30,000, the VRT and VAT for each category are as follows:

CO2 Band	VRT	VAT	Total
A1 - 14%	4,200	4,824	9,024
A2 - 15%	4,500	4,768	9,268
A3 - 16%	4,800	4,712	9,512
A4 - 17%	5,100	4,656	9,756
A5 - 18%	5,400	4,600	10,000
A6 - 19%	5,700	4,544	10,244
A7 - 23%	6,900	4,320	11,220
A8 - 27%	8,100	4,095	12,195
A9 - 30%	9,000	3,927	12,927
A10 - 34%	10,200	3,702	13,902
A11 - 36%	10,800	3,590	14,390

However, the costs would be at the higher end as larger vehicles would be required for wheelchair access. In addition, any tax concessions for this group of vehicles would inevitably lead to pressure for the extension of the relief, on competitive grounds, to all taxis and hackneys. There are in excess of 21,000 public service vehicle licenses, of which little more than 1,000 are wheelchair accessible.

4. Tax credits relating to persons with disabilities

Q: Cost of abolishing existing tax credits relating to persons with disabilities, provided in tabular form broken down by individual credit.

Response: The following table sets out the cost to the Exchequer that would result in the abolition of tax reliefs relating to persons with disabilities. The cost is based on information from 2013 latest year for which data are available.

Manifesto Costing Finance Batch (2) – 11 December 2015

Tax Relief	Cost €m.
Blind person's credit (incl. Guide Dog Allowance)	2.2
Additional Credit for Incapacitated Child	51
Person taking care of Incapacitated taxpayer	7.9

Manifesto Costing Finance Batch (1) – 04 December 2015

Unless otherwise stated each query presumes no change in any other parameters.

Please provide the first and full year cost of each of the following measures for the years 2017 to 2021 inclusive.

Where it is not possible to provide multi-annual costings as requested above please provide the first year and full year costs.

Please ensure costing replies are numbered to correspond with the costings below.

22. **Taxation of exploitation of natural resources:**
Q: The revenue that would be raised for the Exchequer by acting on the May 2012 report issued by the then Joint Committee on Communications, Natural Resources and Agriculture which recommended a major overhaul of Ireland's tax terms for its offshore oil and gas

Response: Due to the long-term and unpredictable nature of the oil and gas industry, information is not available that would enable the costing of a change to the tax regime on future offshore oil and gas finds.