
Briefing Budget 2018

Budget 2018 should focus on the 5 Cs



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On Tuesday 10th of October 2017, Minister for Finance Mr. Paschal Donohoe will deliver his first Budget. In this briefing we focus on the 5 core pillars which we believe should be borne in mind by the Minister when framing the terms of the Budget.



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1. *Commitment*

The 12.5% rate of corporation tax is a key pillar of our economy. It will be important that Minister Donohoe reaffirms Ireland's commitment to the 12.5% rate of corporate tax.

2. *Competitive*

Ireland is a small open economy which relies on attracting foreign direct effective (FDI) to Ireland. Ireland's core offering is a competitive, business friendly regime which has offered a rock solid commitment to the 12.5% rate of corporate tax. In the context of Brexit and potential US Tax Reforms it is important that Ireland continues to offer a competitive tax regime for those companies looking to establish operations in Europe.



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3. *Creative*

As the Minister is likely to have limited "fiscal space" in which to manoeuvre he will need to balance the desire to cut taxes such as USC with the need to fund key infrastructural projects such as building affordable housing to tackle the increasing housing problem in Ireland. If the Minister needs to increase taxes in certain areas to balance the books it is important that any such increases are made in the context of maintaining a competitive environment for business.

4. Certainty

Given the economic uncertainty created by Brexit and the mooted changes to US Tax policy it is critical that Ireland's tax regime offers certainty for those businesses seeking to invest in Ireland. For that reason it will be important that the Budget does not contain any major surprises for businesses which could have the effect of deterring investment in Ireland.

5. Consultation

A key element of reducing uncertainty in tax matters is pro-active consultation regarding proposed measures. In this regard the recent recommendation by Mr Seamus Coffey in his Review of Ireland's Corporate Tax Code that a number of the proposed changes suggested by the report are only carried out after a public consultation "...to reduce uncertainty regarding the proposed changes and to better inform policy-making..." is to be welcomed. We look forward to seeing details in the Budget on the proposed consultation process around modernising Ireland's transfer pricing regime as any changes to the existing regime need to be considered in the context of ensuring that our tax regime remains competitive.

For further information on the measures announced in the budget please contact a member of the Tax Team in McCann FitzGerald.

This document is for general guidance only and should not be regarded as a substitute for professional advice. Such advice should always be taken before acting on any of the matters discussed.