List of Recommendations

Chapter 4: Fiscal Sustainability	
4.1	The Commission recommends that given the medium- to long-term threats to fiscal sustainability, the overall level of revenues raised from tax and Pay Related Social Insurance as a share of national income must increase materially to meet these challenges. These increased yields should be obtained in a manner that minimises economic, social and environmental costs.

Chapter 5: Balance of Taxation	
5.1	The Commission recommends that Government continue to focus on broadening the base of taxation across all categories of taxation.
5.2	The Commission recommends that Government should focus on maintaining the progressivity of the existing personal taxes system without further erosion of the Income Tax or Universal Social Charge base. Future base-broadening reforms should focus on Pay Related Social Insurance and on addressing horizontal equity concerns.
5.3	The Commission recommends that long-term over-dependence on Corporation Tax receipts poses significant sustainability risks and should be avoided. The Commission supports proposals to target the use of excess receipts in this area towards the Rainy-Day Fund or to reduce debt rather than fund tax reductions or permanent increases in expenditure.
5.4	The Commission recommends incrementally broadening the base of consumption taxes placing emphasis on limiting the use of zero and reduced rates of Value Added Tax. A number of environmental-related taxes and reforms to existing taxes should be

	introduced to replace revenue streams and support the transition to a low-carbon economy.
5.5	The Commission recommends that overall yield from wealth and capital taxes, including property, land, capital acquisitions and capital gains taxes should increase materially as a proportion of overall tax revenues.
Chapter 6: Tax Equity and Base Broadening	
6.1	The Commission recommends that age should be removed as a factor for determining the charge to Income Tax and Universal Social Charge. The necessary changes to each charge should be introduced over time to minimise negative impacts.
6.2	The Commission recommends that rates of Universal Social Charge should be determined by income level and not by reference to any other eligibility criteria.
6.3	The Commission recommends that the remittance basis of taxation should be subject to a lifetime limit of three years.
6.4	The Commission recommends that the High Income Earner Restriction should be retained. To ensure that its original policy objective is not eroded, tax reliefs should only be excluded from its remit in exceptional cases.
6.5	The Commission recommends that deposit interest income should be taxed at an individual's marginal rate of Income Tax and Universal Social Charge. A system should be developed to facilitate the collection of these charges at source in real time by financial institutions.
6.6	The Commission recommends that a working group should be established to review and propose changes to the taxation of funds, life assurance policies and other investment products with the goals of simplification and harmonisation where possible. The working group should be established with a net revenue-raising or neutral mandate.

6.7	Having regard to the role of institutional investment in the Irish property market, the Commission recommends that Government undertake a review of the Real Estate Investment Trust framework, the Irish Real Estate Fund regime and the use of section 110 vehicles in this area. Consideration should also be given to a wider review of the section 110 regime generally. This review should be supported by the Department of Finance, the Revenue Commissioners and the Central Bank of Ireland.
6.8	The Commission recommends widening the Value Added Tax (VAT) base and limiting the use of zero and reduced rates of VAT. The VAT treatment of goods and services to which those rates currently apply should be reviewed to assess if it continues to be appropriate.
6.9	The Commission recommends that the rate of Value Added Tax on those goods and services currently attracting a second reduced rate (currently 9 per cent) should be increased over time to the reduced rate (currently 13.5 per cent).
6.10	Due to the relatively large share of goods and services attracting zero and reduced rates of Value Added Tax in Ireland, the Commission also recommends that the reduced rate of 13.5 per cent should be increased progressively over time.
6.11	The Commission does not support the use of temporary Value Added Tax reductions as a short-term stimulus measure.
6.12	The Commission recommends the introduction of an accommodation tax. The intention to introduce this tax should be signalled early and a process of engagement with relevant stakeholders should be undertaken prior to implementation of the tax.

Chapter 7: Taxes on Capital and Wealth	
7.1	The Commission recommends, on horizontal equity grounds, that the transfer of assets on a death is treated as a disposal for Capital Gains Tax purposes. The Capital Gains Tax treatment of assets transferred during a lifetime in terms of tax payable, exemptions and reliefs available should also apply to assets transferred on a death.
7.2	The Commission recommends that the Capital Gains Tax Principal Private Residence Relief should be restricted over time.
7.3	The Commission recommends the introduction of a lifetime limit on all disposals of businesses and farms to children that qualify for Retirement Relief.
7.4	The Commission recommends substantially reducing the Capital Acquisitions Tax Group A threshold, bringing the Group A threshold closer to the Group B and Group C thresholds. Furthermore, the Commission recommends that the reporting requirements relating to the utilisation of group thresholds be strengthened.
7.5	The Commission recommends that the Group B relationship thresholds for Capital Acquisitions Tax should apply to a foster child in the same manner that would have been applicable if the child in question was, in law, a child of his or her foster parents.
7.6	The Commission recommends that the level of Agricultural and Business Relief available for Capital Acquisitions Tax be reduced and that the qualifying conditions for both reliefs be amended to incentivise, and ensure active participation in the farm or business by the recipient.
7.7	The Commission recommends that a modest charge should be applied to gifts and inheritances generally.

Chapter 8: Taxes on Retirement Savings	
8.1	The Commission recommends more comprehensive implementation of the 'Exempt, Exempt, Taxed' model of pension provision including recommending a meaningful reduction in the overall level of tax-free lump sum available from its current level (worth over four times average earnings). Marginal tax rates should apply on all lump sums over the tax-free threshold.
8.2	The Commission recommends that there should be a single tax-free lump sum lifetime limit to include both pension lump sums and any ex-gratia termination payments received.
8.3	The Commission recommends that Approved Retirement Fund (ARF) assets should be treated for inheritance tax purposes in the same way as other assets where inherited by anyone other than the individual's spouse. Both Income Tax and Capital Acquisitions Tax should apply. This supports the 'Exempt, Exempt, Taxed' model and maintains equitable treatment within the system.
8.4	The Commission recommends the removal of age-related contribution rates to be replaced with a single annual contribution rate. The Commission also recommends the removal of the annual earnings cap on contributions subject to appropriate lifetime limits remaining in place.
8.5	The Commission recommends the periodic benchmarking of the Standard Fund Threshold to an appropriate and fair level of estimated retirement income.
8.6	The Commission recommends an urgent review of the availability of appropriate and adequate data on the cost and distribution of pension tax expenditures. The absence of good data significantly inhibits the regular and rigorous evaluation of these costly expenditures.

8.7	The Commission recommends that anomalies in the tax treatment of different retirement arrangements should be eliminated, as far as possible.
Chapter 9: Promoting Enterprise	
9.1	The Commission endorses Ireland's current corporate tax strategy, including Ireland's ongoing participation in international efforts to tackle aggressive and/or harmful corporate tax practices. The Commission also endorses the adoption of the Two-Pillar Solution to Address the Tax Challenges arising from the Digitalisation of the Economy, as well as the development of multilateral solutions to combat base erosion and profit shifting.
9.2	The Commission recommends the continued use of feedback statements and roadmaps which should be better applied to indigenous entities and Small and Medium Enterprises.
9.3	The Commission recommends that consolidation of the Taxes Consolidation Act 1997 (TCA) should be carried out periodically as a matter of principle. Consideration should be given to how greater simplification of existing tax codes can be achieved as part of this exercise.
9.4	The Commission endorses the use of appropriately targeted taxation measures to support Small and Medium Enterprises in raising equity investment, and thereby supporting such firms to establish, grow and sustain employment. The Commission supports the continued use and development of investment-based schemes, such as the Employment Investment Incentive (EII). The Commission recommends that EII should be extended and enhanced to support early-stage, high-risk and research and development-intensive businesses in attracting stable financial investment.

9.5	The Commission recommends that Entrepreneur Relief be extended to angel investors, subject to appropriate limits and conditionality.
9.6	The Commission recognises the important role played by the tax system in supporting and encouraging a strong innovation, research and development culture across the economy. The Commission also recognises the importance of the Research and Development (R&D) tax credit in this area and therefore recommends that enhanced relief measures be introduced which are targeted at small and micro-sized enterprises. Furthermore, more guidance and supports should be introduced to facilitate greater uptake by Small and Medium Enterprises more generally. The Commission recommends that consideration be given to a limited acceleration of the refundable element of the R&D tax credit from three years to one in order to support early-stage and research and development-intensive businesses.
9.7	The Commission recommends that specialist resources and capabilities be allocated to the Revenue Commissioners, and the Department of Enterprise, Trade and Employment and its agencies to develop an advance assurance mechanism in order to enable wider access to tax incentives such as the Research and Development tax credit and Employment Investment Incentive.
9.8	The Commission recognises the importance of share-based remuneration to support SMEs and indigenous enterprises in attracting and retaining talent and sees a role for the tax system in this area. The Commission does not believe that the Key Employee Engagement Programme (KEEP) is achieving its objectives in its current form and recommends that KEEP should be reformed to broaden its use.

9.9	The Commission recommends that the exemption from employer Pay Related Social Insurance (PRSI) on share-based remuneration should be limited through the introduction of an appropriate annual cap or, alternatively, by restricting the exemption to micro, small and medium-sized enterprises.
9.10	The Commission recommends that the taxation of employee share options should be moved from self-assessment to the Pay As You Earn (PAYE) system.
9.11	The Commission recommends that the Special Assignee Relief Programme (SARP) should be subject to further restriction and that its continuation should be subject to regular review as part of the tax expenditure review process.
9.12	The Commission recommends that the qualifying criteria of the Foreign Earnings Deduction (FED) be reviewed to ensure the measure is utilised by claimants in a manner consistent with its original policy objective.
9.13	The Commission recommends that the taxation of internationally mobile employees who receive share remuneration (including Restricted Stock Units) should be aligned with the general treatment applicable to unapproved share options.
9.14	The Commission recommends that the qualifying conditions of trans-border relief be reviewed in the context of modern work practices.
Chapter 10: Labour Markets and Social Protection Systems	
10.1	The Commission recommends maintaining a low entry threshold for access to social insurance.
10.2	The Commission believes that a lower nominal rate of employee Pay Related Social Insurance (PRSI) should apply to earnings below the employee PRSI contribution threshold, currently €352 per week.

10.3	The Commission recommends that, with a view to broadening the Pay Related Social Insurance (PRSI) base, PRSI should be extended to all sources of employment income including, as a general rule, share-based remuneration.
10.4	The Commission recommends that those over State pension age pay Pay Related Social Insurance on all income other than social welfare payments.
10.5	The Commission recommends removing the Pay Related Social Insurance exemption on supplementary pension income (occupational and personal pensions, and public sector pensions).
10.6	The Commission recommends that, in the interests of solidarity, the rate of charge for Pay Related Social Insurance (PRSI) on unearned income should remain aligned to the higher rate of PRSI applicable to employees on their income from employment generally.
10.7	The Commission recommends that cliff-edges in the taxation and welfare systems should be removed.
10.8	The Commission does not support the development of a Universal Basic Income in Ireland.
Chapter 11: Promoting Employment	
11.1	The Commission recommends that secondary benefits for people of working age should be designed on a cross-departmental basis to ensure coherence, with negative work incentives minimised and benefits targeted appropriately and effectively. To ensure appropriate integration and tapering of secondary benefits with the existing framework of income supports, an assessment of the impacts of any new benefit should be conducted before new schemes are introduced. Other departments should consult with, and take advice from the Department of Social Protection in respect of any means-tested payments. All agencies

	making decisions on eligibility should have access to the same high-quality information.
11.2	The Commission notes that a number of recommendations in this report will affect the cost of employment and is cognisant of other policy developments (including, for example, changes in respect of statutory sick pay, auto-enrolment, etc.) that will also affect employers' costs over the medium term. There is a need to coordinate and manage the phased introduction of such reforms. The Commission therefore recommends the establishment of appropriate coordination mechanisms to monitor the cumulative effect of policy-related labour cost changes on enterprise and the self-employed.
11.3	The Commission believes that only one rate of employer Pay Related Social Insurance (PRSI) equal to the higher rate (currently 11.05 per cent) should apply on all weekly incomes, and that the lower rate of employer PRSI, which currently applies on incomes up to €410 per week, should be gradually phased out.
11.4	To minimise the distinctions between legal forms and to treat similar activity in similar ways the Commission endorses the principle that the rate of Pay Related Social Insurance (PRSI) on self-employment (Class S) should be aligned over time with the employer's rate of Class A PRSI attaching to employment (currently 11.05 per cent).
11.5	The Commission recognises that the Universal Social Charge surcharge on non-Pay As You Earn (PAYE) income above €100,000 does not comply with the principle of horizontal equity and recommends that the tax treatment for all income earners should be aligned.
11.6	The Commission recommends a phased move towards individualisation of the Standard Rate Cut off Point as a step towards addressing disparities in the Income Tax

	system, facilitating increased employment, and decreasing the gap in the employment rate between men and women.
11.7	The Commission recommends that the Public Employment Service (PES) should provide advice based on the employment trajectories of people with similar characteristics, with analysis of the outcomes of PES programmes informing the particular programmes at specific points in the economic cycle.
11.8	The Commission believes the range of Active Labour Market Programme offerings should be led by rigorous evidence and evaluation of their net impact on the jobseeker's long-term employment prospects.
11.9	The Commission recommends expanding employment services to recipients of other income support payments. The Public Employment Service must be adequately resourced to deliver these services.
11.10	The Commission recommends that a model of employment services, similar to that currently in place for lone parents, be extended to qualified adults.
Chapter 12: Inclusive and Integrated Social Protection	
12.1	The Commission recommends that Government undertakes a regular benchmarking exercise in respect of all working-age income supports (including supports for people who are unemployed, people with disabilities and people parenting alone), following which multi-annual targets should be set for social welfare rates which provide for regular incremental progress. Annual increases in social welfare rates should be based on a transparent and evidence-led process.
12.2	The Commission recommends that working-age payments should be reformed to move towards an income related working-age assistance payment available

	to all households. The payment should be designed so as to avoid subsidising low-paid employment.
12.3	The Commission notes the intention of the Government to introduce a greater element of pay-related benefits within the Social Insurance system. The Commission recommends that the design of such benefits should take account of incentives to work and the sustainability of the Social Insurance Fund. If introduced, any such benefit should be short in duration, subject to a cap, and progressively extended to include maternity, paternity, parents' and illness benefit.
12.4	The Commission does not recommend that Child Benefit should be subject to tax.
12.5	The Commission recommends that the existing system of child income supports should be reformed to facilitate the introduction of an income related second tier of child income support in addition to Child Benefit that combines existing supports and that would be provided to all low-income households, whether in receipt of a social welfare payment or not.
12.6	The Commission recommends that the individualisation of payments made to qualified adults be progressed. This should be guided by the set of principles outlined by the Commission.
Chapter 13: Moving to a Low-carbon Economy	
13.1	The Commission recommends that the phased increase in the Carbon Tax to €100 per tonne of carbon dioxide emitted by 2030, as set out in the Schedule 2 to Finance Act 1999 (Mineral Oil Tax) as amended, is implemented. Increases in Carbon Tax after this date should be clearly signalled and linked to the societal cost of carbon.
13.2	The Commission recommends the equalisation of the rate of Excise Duty on auto-diesel and petrol in the short to medium term.

13.3	The Commission supports the principle that embedded tax fossil fuel subsidies should be reduced on a phased basis over time, with the aim of ensuring that the taxation of fuel reflects the amount of carbon emitted. Those most environmentally harmful tax fossil fuel subsidies should be prioritised for removal along with those for which viable alternatives exist. Government should publish a roadmap by 2023 setting out ambitious targets for the elimination of subsidies by 2030.
13.4	The Commission notes the changes at EU level in respect of the future taxation of electricity, including the anticipated mandatory application of a minimum rate of Excise Duty to electricity for household use. The Commission also recognises the need for the Exchequer to generate additional revenue from tax on electricity in the medium to long term (post-2030) to replace revenues from fossil fuels. The Commission recommends that any such increases should be carefully timed, clearly signalled in advance and should not act as a disincentive to the use of renewable electricity sources in carbon-intensive activities.
13.5	The Commission recommends that Motor Tax and Vehicle Registration Tax on commercial and non-commercial motor vehicles be redesigned in the medium to long term, in a manner that is consistent with environmental objectives and ensures that tax revenues from motor vehicles are maintained.
13.6	The Commission recommends the introduction, in the medium term, of distance, location and time-based road usage charges. Planning for such charges should include early identification of the appropriate technology to be used in calculating and applying them.
13.7	The Commission recommends the introduction of congestion charges in key urban areas, based on a number of key metrics linked to environmental and

	individual impact. These charges should be reviewed following the introduction of road usage charges.
13.8	The Commission recommends the introduction of an additional duty on non-residential car parking, both public and private, and not limited to employer-provided car parking, in the same key urban areas identified as suitable for congestion charges.
13.9	The Commission accepts the rationale for the use of targeted taxation expenditures to support the achievement of Government policy goals with respect to decarbonisation, and to address the gap between the upfront costs of investment and the timeframe for return on same. Such measures should have a clearly identified policy objective, be targeted in nature, and be in place for a limited period to help influence the behavioural change required.

Chapter 14: Land and Property	
14.1	The Commission recommends the introduction of a Site Value Tax (SVT) on all land currently not subject to Local Property Tax. This includes all commercial (developed and undeveloped), mixed-use, agricultural, undeveloped zoned residential lands, and State-owned lands as well as all land on which derelict and uninhabitable premises sit. SVT should replace the existing system of Commercial Rates over time.
14.2	The Commission recommends that there should be differential treatment in the application of Site Value Tax to agricultural land.
14.3	The Commission recommends that the current structure and broad features of Local Property Tax should remain. This includes a market value basis for applying the charge, keeping exemptions to a minimum and the continued use of regular revaluations.

14.4	Revenues deriving from Local Property Tax (LPT) should increase to form a substantially larger share of total revenues through the adjustment of the basic rates of taxation and potentially through an adjustment of valuation bands. The ability of local authorities to decrease the basic rate of LPT should be removed.
14.5	The Commission recommends that, in the case of multiple property owners, a Local Property Tax surcharge should apply to properties not occupied as the principal private residence of the property owner or a registered tenant.
14.6	A Local Property Tax surcharge should be introduced for vacant properties.
14.7	The Commission recommends that tax incentives should not be used in order to stimulate the supply of housing.
14.8	The Commission supports the reform of the differential rent schemes towards a national system based on ability to pay. Any proposed changes to social housing supports should fully consider the potential impact on incentives to work.
14.9	The Commission recommends that the tax system should be neutral in its treatment of different tenure types.
14.10	The Commission recommends that the Help to Buy scheme be allowed to expire as planned at the end of 2022.

Chapter 15: Promoting Good Public Health	
15.1	The Commission supports the use of taxation in promoting public health in Ireland. In particular, it supports the levying of Excise Duties/taxes at high rates related to the social cost arising from the consumption of alcohol, tobacco and sugar-sweetened drinks. The Government should seek to strengthen the link between

	the public health rationale and design of these taxes over time.
15.2	The Commission recommends that Government develop fiscal measures which could be introduced to encourage a reduction in the consumption of ultra-processed foods, to support reformulation measures to reduce the harm of such foods and promote healthier eating. In developing such proposals, Government should be conscious of the distributional effect of proposed changes and the influence of fiscal and other policies on consumer purchasing and their impact on overweight and obesity.
15.3	In the context of the implementation of Sláintecare, tax relief for private health insurance should be phased out over time.
Chapter 16: Tax Expenditure Review Process	
16.1	The Commission recommends that the Department of Finance should ensure that adequate evaluation data on tax expenditures is collected, and where necessary propose legislative amendments in order to allow collection. This will address existing data gaps and allow more comprehensive understanding of the taxes forgone, the objectives achieved and at what cost.
16.2	The Commission recommends that the Department of Finance and the Revenue Commissioners should regularly examine the most appropriate way to cost tax expenditures on a case-by-case basis and consider alternative costing methodologies where data becomes available.
16.3	The Commission supports the continued inclusion of sunset clauses for the review of all new tax expenditures, Government should also consider the retrospective inclusion of sunset clauses in respect of existing tax

	expenditures. This would provide a statutory basis for the regular review of all tax expenditures.
16.4	The Commission recommends the expansion of dedicated economic evaluation capacity within the Department of Finance to work specifically on tax expenditures with the aims of providing more and better information on tax expenditures and introducing a greater degree of rigour and consistency in the quality of the evaluation process. This evaluation work should also be peer-reviewed by an appropriate outside body.
16.5	The Commission calls for strengthening the ex-ante evaluation of tax expenditures ahead of their introduction to ensure better policy outcomes. This should include clear articulation of what the objective of the tax relief is, what market failure it is designed to address (if any), the distributional impacts of the planned tax relief and why it is being addressed via tax relief rather than direct expenditure. Annual tax expenditure reports should also include forecasts for coming years in line with guidelines on forecasts for direct expenditure. Ex-post reviews should be similarly rigorous.
16.6	The Commission recommends that the Department of Finance, with support from the Revenue Commissioners should publish and maintain a single agreed definition of the benchmark tax system and compile a master list of all tax expenditures. This would ensure that tax measures are systematically included either in the benchmark or the tax expenditure list.
16.7	The Commission recommends that the Department of Finance should devise a strategic plan to regularly and rigorously evaluate all tax expenditures in line with relevant guidelines.

Chapter 17: Modernisation of Tax Administration	
17.1	The Commission believes that digital transformations are fundamental to the successful modernisation of tax administration processes. The Commission recommends that such transformations should be a central tenet of a structured programme of tax administration reform that should be commenced as soon as possible.
17.2	The Commission recommends that, in so far as possible, compliance obligations should be built into natural taxpayer systems and that due consideration should be given by the Revenue Commissioners, in conjunction with other Government Departments as required, as to how such systems should be leveraged in order to improve real-time reporting.
17.3	The Commission endorses the use of whole-of-government solutions to improve service delivery.
17.4	The Commission recommends that the necessary steps are taken to ensure that modernisation of tax administration is fully supported by legislation.
17.5	The Commission recommends that the necessary investments are made by the State to further develop the appropriate technical architecture required to properly support modernised tax administration and data collection. This should also include developing appropriate frameworks for stakeholder engagement as part of a co-design approach to such modernisation.
17.6	The Commission recommends that the Revenue Commissioners and the Department of Social Protection be given supports, as necessary, to develop the skills base required to digitally transform tax and welfare administration.
17.7	The Commission believes that data protection and data security must be a key consideration in any

	modernisation process, and that the public must have a clear understanding as to how their data is being used.
17.8	The Commission recommends that the necessary supports and alternatives are retained, or developed where necessary, to address digital exclusion.
17.9	The Commission recommends that existing linkages between the Revenue Commissioners and the Department of Social Protection (DSP) be further enhanced to explore a solution that provides for application of PAYE to taxable payments made by DSP as they are being paid. In exploring such a solution, careful consideration is required to avoid undue hardship for recipients of such payments, taking account of the importance of cash payments in poverty alleviation.
17.10	The Commission recommends that further linkages be developed between the Revenue Commissioners and the Department of Social Protection (DSP) to facilitate the more effective means testing of DSP payments.

Chapter 18: Strategic Reform	
18.1	The Commission recommends that the annual budgetary cycle be augmented in order to enhance debate about and public knowledge of long-term issues of fiscal sustainability.
18.2	The Commission recommends that Government departments should build on existing long-term fiscal analysis capabilities to develop a system of scenario modelling and associated stress testing. The system should be used to examine different future public finance scenarios and how well the State could react to them. It should also analyse whether there are adequate policy tools and administrative systems in place to address potential outcomes.

18.3	The Commission recommends greater use of medium-term roadmaps to provide certainty as to the direction of travel of policy in respect of specific elements of the taxation and welfare system.
18.4	The Commission recommends that Public Service Performance Reports, and where appropriate other public accounts, should include information on the total amount of resources allocated to each Department and what has been achieved with these resources, including information on tax expenditures.
18.5	The Commission recommends that greater access should be provided to suitably anonymised administrative data to support public interest research.
18.6	The Commission recommends ongoing support for research in the areas of the distribution of income and wealth and the effects of taxation and welfare policy, as well as the development of improved tools for ex-ante evaluation and impact assessment of proposed policy changes.
18.7	The Commission recommends that the public service continues to invest in the people and skills needed to improve policy analysis and policy development in the realm of taxation and welfare across a range of disciplines.