



Our reference: 2017-4(b)

23 August 2017

Mr Pearse Doherty, TD
Leinster House
Kildare Street
Dublin, D02 A272

Dear Deputy,

I refer to Sinn Féin's second request to the Department for Budget 2018 costings (submitted to us on 11 August, 2017). I am pleased to enclose the responses to the costings sought. We hope to have responses on your first request (submitted to us on 31 July, 2017) ready to send to you shortly.

Please note that the 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 be borne in mind 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 the responses issued to these requests 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,



Derek Moran

Secretary General

Costing Request 4(b)

1. The revenue that would be raised by equalising (upwards) the excise on diesel to the level applied to petrol over each of a 1 (immediate), 3, and 5 year period presuming the increase each year would be equal where applicable.

The estimated revenue that would be raised from increasing excise rates on auto diesel to that of petrol is as follows:

Equalising excise on Auto Diesel and Petrol – 1 year	Increase per litre (VAT Inclusive) Cent	Yield					Cumulative yield
		€m					
2018	13.37	333.6					333.6

Equalising excise on Auto Diesel and Petrol – 3 year	Increase per litre (VAT Inclusive) Cent	Yield					Cumulative yield
		€m					
2018	4.46	113.0					113.0
2019	4.46	112.1	113.0				225.1
2020	4.46	111.3	112.1	113.0			336.4

Equalising excise on Auto Diesel and Petrol – 5 year	Increase per litre (VAT Inclusive) Cent	Yield					Cumulative yield
		€m					
2018	2.67	68.0					68.0
2019	2.67	67.7	68.0				135.7
2020	2.67	67.4	67.7	68.0			203.1
2021	2.67	67.1	67.4	67.7	68.0		270.2
2022	2.67	66.8	67.1	67.4	67.7	68.0	337.0

2. The cost in 2018 of establishing a system to allow for a VAT refund system for charities to be operational in 2019

Following representations made by the Irish Charities Tax Reform Group (ICTR), the Minister for Finance agreed to the formation of a Working Group to examine proposals to reduce the VAT burden on charities by way of a part-compensation scheme. The group comprised of representatives from the Department of Finance, the Revenue Commissioners and ICTR with an objective of providing options for the Minister of Finance's deliberation ahead of Budget 2016. The report of this working group was

published in October 2015 and is available on the website of the Department of Finance (http://www.budget.gov.ie/Budgets/2016/Documents/VAT_on_charities_working_group_report_pub.pdf). The Minister, at the time, decided not to introduce a compensation scheme for charities. A subsequent working group comprising representatives of Charities Institute Ireland, Department of Finance and the Revenue Commissioners was established in 2016 to look at the issue again and its work is ongoing. It is not possible, at this stage, to provide an estimate of the cost in 2018 of establishing a system to allow for a VAT refund system for charities to be operational in 2019.