



Our reference: 2017-4(e)

22 September 2017

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

Dear Deputy,

I refer to Sinn Féin's fourth request to the Department for Budget 2018 costings (submitted to us on 20 September, 2017). I am pleased to supply the requested costing.

The estimated first and full year cost to the Exchequer of increasing the Universal Social charge (USC) exemption threshold in 2018 from €13,000 to the requested ceilings is set out in the following table:

USC Exemption Threshold	First Year Yield (€ Million)	Full Year Yield (€ Million)
15,000	10.5	12.4
16,000	16.8	19.8
17,000	25.1	29.6
18,000	35.1	41.5
19,000	46.9	55.4

It should be noted that the above costings are based on the current USC rates & band structures for income earners whose gross income exceeds the various USC exemption threshold ceilings. These estimates have been generated by reference to 2018 incomes as calculated on the basis of actual data for the year 2015, the latest year for which returns are available, adjusted as necessary for income, self-employment and employment trends in the interim. The estimate is provisional and may be revised.

Please also 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,

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

Derek Moran

Secretary General