



Our reference: 2017-2(b)

9 October 2017

Mr Michael McGrath, TD
Fianna Fáil Spokesperson on Finance
Leinster House
Kildare Street
Dublin, D02 A272

Dear Deputy,

I refer to Fianna Fáil's request to the Department for Budget 2018 costings (submitted to us on 4 October, 2017), and to my letter to you of 6 October 2017. I am pleased to enclose the response to the one outstanding costing on which you sought confirmation.

The costing on item 83 has been reviewed by the Department of Employment Affairs and Social Protection, and their response is attached.

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

POLITICAL PARTY PRSI COSTINGS NO. 3/17

COSTINGS OF PRSI PROPOSALS RECEIVED ON 4 October 2017

Introduction

- A. Estimates are based on macro-economic indicators for 2018 only.
 - B. The estimates affecting employed contributors are based on the changes to social insurance contributions paid under PRSI Class A only.
 - C. Estimates of full year costs/yields are provided. First year costs/yields are a function of the chosen implementation date of PRSI changes in 2018 or in the relevant year. If implemented in January of the particular year, it is estimated that 85% of the full year estimate is realised in the first year.
 - D. The estimates do not take possible changes in employer or employee behaviour into account
1. The cost of extending the 8.5% employer weekly rate band to €380, €385, €390, €395 and €400 is contained in the table below.

Proposed 8.5% Threshold	Estimated Cost 2018
€380	€1.4m
€385	€2.9m
€390	€4.5m
€395	€6.1m
€400	€8.1m

Department of Employment Affairs and Social Protection

8 October 2017