

Dear Mr Cullen

I wish to make a submission to the commission in relation to both new taxes and changes to existing taxes. The main theme of the submission is a proposal for new Corporate Director's Emoluments Tax.

I also attach a spreadsheet estimating the effect of these tax changes and pay freezes.

**Proposal for a new Corporate Directors Emoluments Tax.**

The purpose of this tax would be to ensure that excess directors pay or pension contributions are subject to tax under the corporation tax heading. There would be a deminimis for each company (not for each director). The tax would be collected under the corporate tax head. The logic of the low corporate tax rate is to incentivise companies to grow their businesses, not to unduly enrich the directors. This tax would contribute to equity within the overall tax system. My tax estimate of €800k may be overstated but the figure would be substantial.

**It is also clear that the Class S PRSI contribution of 3% must be heavily subsidised.** As the main benefit for both groups is a contributory pension, the reduction in other benefits for class S contributors can in no way account for the contribution rate differential that currently exists. In addition, there appear to little logic in having both employer and employees contribute 14.75% (EE 4% and ER 10.75) while Class S contributors including proprietary directors contribute 3%.

**The employee PRSI ceiling should be eliminated.** I confess to having benefited from this a number of times myself but it seems very very inequitable that better off employees are given this freebee each year.

**Tax on Second Homes.** There is no need to elaborate on this. It should have been done years ago. The tax could easily be structured under an overall property tax, using the current CGT exemption to exempt the principal main residence.

**Pension contribution limit.** Proposal to reduce this to 100,000 with immediate effect . Giving tax relief to a person earning between €100,000 and €262,000 is simply not equitable and demeans the concept of equity in the system itself.

**There is also a need for a non residents tax ("non Doms").** This should be set at say 30,000 per year similar to UK proposals. The people affected should of course be given the option to become resident and pay in Ireland, if they believe that would be a better economic choice for them.

The taxes proposed would mainly impact the better off in society and would have a minimal deflationary effect on the economy.

I am an accountant working in the glass business (building products)and I feel the full extent of the current economic downturn is not appreciated at government level.

Yours Sincerely  
Joseph Ryan

Tax Description	Basis	Who Pays	No of Payers	Annual Tax	Total	Millions	Billions	Annual Tax	Expenditure
1Non Doms Tax	Amount	Non Residents	4,500	30,000	135,000,000	135	0.14	0.14	-
2Directors Emoluments Tax (Paid as part of Corp Tax- regardless of profit). Deminimis 100,000 per company	20%New Tax	<u>Companies</u>	10,000	20,000	200,000,000	200	0.20	0.20	-

Class S PRSI Increase 3from 3% to 5% (excl Health Levy)	2%existing rate heavily subsidised	Directors & Self Employed	200,000	2,000	400,000,000	400	0.40	0.40	
4EE PRSI Ceiling Removal	4%Over 46,600	Higher Earning Employees	150,000	3,000	450,000,000	450	0.45	0.45	
Property Tax Second 5Homes	Amount	Property Owners	200,000	1,500	300,000,000	300	0.30	0.30	
Limit Pension Tax Relief 6Ceiling to 100K (currently 262K)		High Earning employees	20,000	20,000	400,000,000	400	0.40	0.40	
<b>Total Tax Changes</b>						<b>1,885</b>	<b>1.89</b>	<b>-</b>	<b>1.89</b>
<b>Public Pay Savings</b>									
Public Service Salary Increment Deferral (exception for two lower grades)	20,000,000,000		4%		800,000,000	800	0.80	0.80	
Public Service Salary Cut > than	200000	1000	20.0%	40,000,000					
Public Service Salary Cut > than	100000	2000	10.0%	20,000,000					
Public Service Salary Cut > than	50000	50000	2.5%	62,500,000	122,500,000	122.5	0.12	0.12	
Public Service Mileage Allowance Cut	25%estimate				100,000,000	100	0.10	0.10	
Set Maximum for all Consultancy fees at €500 / day per person						200	0.20	0.20	
						<b>1.22</b>	<b>-</b>	<b>1.22</b>	
<b>Total</b>						<b>3.11</b>	<b>1.89</b>	<b>1.22</b>	