

Irish Budget will need 2020 vision

Business group [Ibec](#) has called on the Government of Ireland to take the brave and necessary steps to protect the Irish business model as the economy enters the “most strategically important period in a generation.”

Ibec director of Policy and Public Affairs Fergal O’Brien said that the economic transformation of the last six decades faces a period of significant challenges.

“This challenge is being driven by three fundamental shifts in our business environment: there are significant risks to our FDI model from change underway in the global tax environment under the OECD/G20 Base Erosion and Profit Shifting (BEPS) initiative; the global trading environment is becoming more difficult for small open economies; and Ireland’s relationship with our nearest neighbour is changing irrevocably,” O’Brien said.

“The Exchequer has received a €14.3bn corporate tax surprise over the past four years, but we haven’t used this revenue wisely. Budget 2020 must chart a new course; we must reinvest the fruits of enterprise success into infrastructure, innovation and education and not embed it into the day-to-day cost of running the country.”

Time to double-down on nurturing the indigenous base

O’Brien urged that Budget 2020 delivers on measures to grow Ireland’s indigenous enterprise base, including an intense focus on productivity, innovation, skills and enabling firms to get exporting early.

“Given the wide range of imbalance and uncertainty in business, personal and environmental tax, we also think that it is time for Government to set up a new Commission of Taxation to ensure that the tax system is sustainable in the decades ahead,” O’Brien said.

Crucially, O’Brien said that mistakes of the past need to be avoided if the economy is once again challenged.

“Ireland has a history of focusing cuts on productive spending during any downturn. Business is already concerned that progress is slipping in the delivery of the Ireland 2040 Plan. We must invest ambitiously, identifying new projects where needed, and deliver on committed projects as urgently as possible.”

Among the action calls put forward by Ibec O’Brien said that the indigenous industrial base needs

to be nurtured.

“We need to maximise the potential of schemes including reform of Capital Gains Tax (CGT), the Employment Incentive and Investment Scheme (EIS), the Key Employee Engagement Programme (KEEP) and an SME R&D tax credit.”

Ibec said that Ireland will need to reinvent its offering to multinational firms. “We need to maximise the potential of schemes including reform of Capital Gains Tax (CGT), the Employment Incentive and Investment Scheme (EIS), the Key Employee Engagement Programme (KEEP) and an SME R&D tax credit.”

The organisation also warned that the challenges posed by digitalisation and automation in terms of their impact on jobs and careers needs to be looked at as well as other key labour challenges such as inadequate childcare, the under-funding of higher education and inadequate supports for share option schemes.

The challenges that the accommodation crisis pose in terms of attracting and retaining talent is also a cause for concern.

“The high cost of housing, long commutes and challenges to the environment are amongst the top barriers to attracting and retaining talent,” O’Brien warned.

“Budget 2020 must assertively confront these fundamental impediments to quality of life by delivering public infrastructure to match growing private investment. We must urgently address the high cost of development land, effectively tackle climate change and deliver the National Development Plan.”

O’Brien added that deal or no deal, we must get ready for Brexit.

“The risk of a no-deal Brexit casts a shadow over Budget 2020. The Government must do more to support business, as it prepares for all eventualities.

“There must be a stronger delivery on Brexit preparation and mitigation measures domestically, including far-reaching stabilisation measures in the event of no deal. In the medium-term, we need a multi-Budget approach to support export market diversification.”

Written by John Kennedy

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