APPENDIX TO PRESS RELEASE

FINANCE BILL 2011
LIST OF ITEMS

PART 1
MEASURES ANNOUNCED IN THE BUDGET

PART 2
FURTHER MEASURES NOT YET ANNOUNCED

PART 1 - CONFIRMATION OF BUDGET RELATED ITEMS

INCOME TAX

SECTION 6 - TAX CREDITS
The personal credit is being reduced by approximately 10% per annum from €1,830 to €1,650 in the case of a single person and from €3,660 to €3,300 in the case of a married couple. The employee (PAYE) tax credit is also being reduced by 10% from €1,830 to €1,650. All other credits are being reduced by 10%. These include: widowed persons credit, one parent family tax credit, incapacitated child tax credit, dependent relative tax credit, home carer tax credit and blind person's tax credit.

These changes are being made in line with a commitment to reduce tax credits by 16.5% over the lifetime of the National Recovery Plan 2011-2014.

The age credit is being reduced by €80 per annum from €325 to €245 in the case of a single person and by €160 per annum from €650 to €490. There is a commitment in the National Recovery Plan 2011-2014 to abolish these exemptions over the next 4 years. The Plan also includes a commitment to a further 6.5% reduction in tax credits spread over the 2011 - 2014 period.

SECTION 4 - STANDARD RATE BANDS
The single standard band is being reduced by €3,600 per annum from €36,400 to €32,800. The married one-earner band is being reduced by €3,600 from €45,400 to €41,800. The married two-earner band is being reduced from €72,800 to €65,600, with transferability limited to €41,800. The one parent/widowed parent band is being reduced by €3,600 from €40,400 to €36,800.

These changes are being made in line with a commitment to reduce tax bands by 16.5% over the lifetime of the National Recovery Plan 2011-2014.

SECTION 5 - AGE EXEMPTION LIMITS
The annual limits under which all income is exempted from tax for those aged 65 years and over are being reduced by €2,000 in the case of a single person and €4,000 in the case of a married couple to €18,000 and €36,000 respectively.

It is intended that these exemptions will be abolished over the next 4 years in line with the commitment in the National Recovery Plan 2011-2014.

SECTION 8 - LIMITATION OF TAX EXEMPTION FOR EX-GRATIA TERMINATION PAYMENTS TO €200,000
The tax-free element of *ex-gratia* termination payments is being limited to €200,000. Payments above this amount will be subject to tax at the marginal rate. This proposal still allows for a significant tax-free exemption to assist employees meet financial commitments while at the same time limiting the facility for payments denoted as tax-free 'golden handshakes'.

INCOME LEVY AND UNIVERSAL SOCIAL CHARGE

SECTION 3 - UNIVERSAL SOCIAL CHARGE
The Health Levy and the Income Levy are being abolished and replaced by a new Universal Social Charge (USC) at the following rates and thresholds:

- 0% < €4,004
- 2% €0 to €10,036

- 4% €10,037 to €16,016
- 7% > €16,016

Those aged over 70 year do not pay the higher 7% rate.

The exemption threshold of €4,004 means that annual income below this amount will not be chargeable to the USC, but when annual income exceeds this amount the USC will be applied on the entire income.

The USC is charged on gross income, before deductions of contributions to pensions.

The USC does not apply to social welfare payments including contributory and non-contributory social welfare State pensions. Persons with Medical Cards will pay the charge.

INCOME TAX – ABOLITION OF RELIEFS

SECTION 14 - RENT RELIEF
Rent relief will be withdrawn on a phased basis over a 7 year time frame in line with the reduction in mortgage interest relief introduced in Budget 2010. New claims for this tax relief, where the claimant would not have been entitled to the relief in the 2010 tax year, will not be accepted from 8 December 2010. Existing claimants, that continue to qualify, will retain the reducing rates of relief until 31 December 2017. This is a commitment in the National Recovery Plan 2011-2014.

SECTION 11 - TAX RELIEF ON LOANS TO ACQUIRE AN INTEREST IN CERTAIN COMPANIES
This relief will be withdrawn on a phased basis over 4 years. Relief will not be allowed for new loans taken out from 8 December 2010. Existing claimants will retain the relief, on a reducing rate basis until 1 January 2014. The relief will be reduced by 25% per annum until its eventual total abolition in 2014.

SECTION 12 - TRADE UNION SUBSCRIPTIONS
Tax relief on trade union subscriptions will be abolished. The current level of relief allowed is on an annual subscription amount of €350. The relief is standard rated and provides a tax credit worth €70 to members. This is a commitment in the National Recovery Plan 2011-2014.

SECTION 7 - EXEMPTION FROM BENEFIT-IN-KIND FOR EMPLOYER PROVIDED CHILDCARE
The exemption covering the benefit received by employees in relation to the capital costs of the provision of subsidised childcare facilities by employers is being abolished. This is a commitment in the National Recovery Plan 2011-2014.

SECTION 10 -APPROVED SHARE OPTIONS SCHEME
These schemes are exempt from Income Tax, PRSI and Levies where the scheme is approved by the Revenue Commissioners. The scheme is being abolished. This is a commitment in the National Recovery Plan 2011-2014.

SECTION 10 - TAX RELIEF FOR NEW SHARES PURCHASED BY EMPLOYEES
Tax relief for shares purchased in an employing company is being abolished. This relief had an overall lifetime ceiling of €6,350 on qualifying share purchases.

INCOME TAX – RESTRICTION OF RELIEFS

SECTION 3 - CHARGE TO USC ON APPROVED PROFIT SHARING SCHEMES

These schemes were exempt from Health and Income Levies. From 2011, a charge to the USC is being introduced. The Social Welfare and Pensions Act 2010 made these subject to PRSI. These changes are commitments in the National Recovery Plan 2011-2014.

SECTION 3 - CHARGE TO USC ON APPROVED SAVE-AS-YOU-EARN SCHEMES

These schemes were exempt from Health and Income Levies. From 2011, a charge to the USC is being introduced. The Social Welfare and Pensions Act 2010 made these subject to PRSI. These changes are commitments in the National Recovery Plan 2011-2014.

SECTION 3 - CHARGE TO USC ON UNAPPROVED SHARE OPTIONS

These schemes were exempt from Health and Income Levies. From 2011, a charge to the USC is being introduced. The Social Welfare and Pensions Act 2010 made these subject to PRSI. These changes are commitments in the National Recovery Plan 2011-2014.

SECTION 3 - CHARGE TO USC ON SHARE AWARDS

These schemes were exempt from Health and Income Levies. From 2011, a charge to the USC is being introduced. The Social Welfare and Pensions Act 2010 made these subject to PRSI. These changes are commitments in the National Recovery Plan 2011-2014.

SECTION 16 - CEILING OF €40,000 ON THE TAX EXEMPT EARNINGS OF ARTISTS

A ceiling of €40,000 per annum is being introduced on the tax exempt earnings of artists. These changes are commitments in the National Recovery Plan 2011-2014.

OTHER INCOME TAX

SECTION 30 - EMPLOYMENT AND INVESTMENT INCENTIVE

The existing Business Expansion Scheme (BES) is being reformed and renamed the Employment and Investment Incentive (EII). The scheme will be amended to increase company limits, simplify the certification process, change the holding period and restructure the level of relief available.

Under the new incentive, the limit that can be raised by companies will be increased from €2 million to €10 million, and the amount that can be raised in any twelve-month period will be increased from €1.5 million to €2.5 million. In addition, the certification requirements will be simplified.

These changes are subject to approval from the European Commission from a State Aid perspective. In the meantime, the existing scheme will continue to operate.

SECTION 13 - RELIEF FOR ENERGY EFFICIENCY MEASURES

Income tax relief will be provided for expenditure by individuals on a range of works undertaken to improve the energy efficiency of their residential premises. Relief will be available at the standard rate of tax for expenditure of up to €10,000 per household. Relief will be provided by way of repayment in the tax year following the year in which the expenditure was incurred. A maximum of €30 million in relief per annum will be allowed for this scheme – this means that up to €150 million in expenditure can occur in any year.

SECTION 7 - TAX RELIEF ON PROFESSIONAL SUBSCRIPTIONS (BENEFIT-IN KIND)

Budget 2011 included a measure to change the tax relief on subscriptions paid to professional bodies to mirror the removal of tax relief on trade union membership subscriptions. This was done on the basis that all sectors of society had to make a contribution toward reducing tax expenditure.

TAX ON SAVINGS

SECTION 28 - DEPOSIT INTEREST RETENTION TAX (DIRT) RATE
The DIRT rate has been increased by 2 percentage points to 27% and the rate for certain longer term savings products has also been increased by 2 percentage points to 30%. The increased rate applies to interest paid or credited on or after 1 January 2011.

SECTION 29 - TAXES ON LIFE ASSURANCE POLICIES AND INVESTMENT FUNDS
The Bill gives effect to a change in the rates of tax that apply to profits or gains from life assurance policies and investment funds. These rates have been increased by 2 percentage points to either 27% or 30%, as appropriate. The increased rates apply to payments, including deemed payments, made from 1 January 2011. The tax rates on profits and gains from investments in personal portfolio life policies and personal portfolio investment undertakings are also being increased by 2 percentage points.

PENSIONS TAXATION

SECTION 19 - EXTENSION OF FLEXIBLE OPTIONS ON RETIREMENT
The flexible options on retirement (e.g. access to an Approved Retirement Fund - ARF etc) are being extended to all Defined Contribution (DC) pension arrangements, subject to certain changes to the general conditions attaching to those options and to certain transitional provisions. Pending the passing of the Finance Bill, the option introduced in December of 2008 to allow the deferral of annuity purchase on retirement for DC scheme members is being extended by the Revenue Commissioners.

SECTION 19 - APPROVED RETIREMENT FUNDS – IMPUTED DISTRIBUTION
The annual imputed distribution which applies to the value of assets in an Approved Retirement Fund (ARF) at 31 December each year is being increased from 3% to 5% in respect of asset values at 31 December 2010 and future years.

SECTION 19 - MAXIMUM ALLOWABLE TAX-RELIEVED PENSION FUND
The maximum allowable pension fund on retirement for tax purposes, the Standard Fund Threshold (SFT), is reduced to €2.3 million from Budget Day (7 December 2010) with transitional arrangements for individuals with pension rights valued above the reduced threshold on Budget Day.

SECTION 19 - PENSION CONTRIBUTION LIMIT
The annual earnings limit, which (along with age-related percentage limits) determines maximum tax-relievable contributions for pension purposes, is being reduced from €150,000 to €115,000.

SECTION 19 - TAXATION OF RETIREMENT LUMP SUMS
The overall life-time limit on the amount of tax-free retirement lump sums that an individual can draw down from pension arrangements is being reduced to €200,000. The excess of retirement lump sum payments over €200,000 will be taxed at the standard income tax rate (currently 20%) up to an amount equal to 25% of the new Standard Fund Threshold (€575,000). The excess of retirement lump sum payments over that amount will be taxed at the taxpayer’s marginal rate of income tax.

CORPORATION TAX

SECTION 25 - PATENT ROYALTY INCOME EXEMPTION
The tax exemption for income received by an individual or company from a qualifying patent is abolished. The exemption from tax for distributions made by companies from exempt patent income is also being abolished. The abolition of the exemption applies to income from a qualifying patent which

is paid on or after 24th November 2010 – the date when the abolition was announced in the National Recovery Plan.

SECTION 31 - 3 YEAR TAX EXEMPTION FOR START-UP COMPANIES

The scheme introduced in Budget 2009 which provides a three year exemption from corporation tax on the trading income and certain gains of new start-up companies is being extended to include start-up companies which commence a new trade in 2011. The scheme is being modified from 2011 so that the value of the relief will be linked to the amount of employers' PRSI paid by a company in an accounting period subject to a maximum of €5,000 per employee. If the amount of qualifying employers' PRSI is lower than the reduction in corporation tax liability otherwise applicable, relief will be based on the lower amount.

SECTION 36 - TAX EXEMPTION FOR PAYMENTS TO THE NATIONAL CO-OPERATIVE FARM RELIEF SERVICES LIMITED

The exemption from corporation tax in respect of grants or payments made by the Minister for Agriculture, Fisheries and Food to the National Co-Operative Farm Relief Services Limited is being discontinued from 2011.

SECTION 32 - RELEVANT TRADING CHARGES

Schedule 24 sets out, among other things, the mechanics for determining the amount of the credit for foreign tax paid that can be set against Irish liabilities. Schedule 24 is being amended to make it clear that a company is not permitted to allocate relevant trading charges on income as it sees fit in the computation of the credit due to it for foreign tax paid on its income.

CAPITAL ALLOWANCES

SECTION 35 - ENERGY-EFFICIENT EQUIPMENT

The scheme of accelerated capital allowances for expenditure by companies on certain energy-efficient equipment bought for the purpose of a trade was introduced by Budget and Finance Act 2008 for a three year trial period which ends in 2011. The scheme is being extended for a further 3 years to 31 December 2014.

SECTION 26 - SPECIAL ALLOWANCES FOR THE MINING INDUSTRY

Capital expenditure on new machinery and plant for use in mining qualifies for a 20% investment allowance in addition to normal wear and tear allowances. An allowance of 20% of expenditure incurred on exploration is also available in addition to the 100% exploration allowance for such expenditure. These additional 20% allowances are being abolished in respect of expenditure incurred from 1 January 2011.

SECTION 22 - PROPERTY-BASED CAPITAL ALLOWANCES

The measures announced in the Budget introduced two separate changes. The first narrows the range of income to which the capital allowances may apply, while the second curtails the ability of a person to carry forward unused allowances beyond certain deadlines. These measures only apply to accelerated capital allowances arising under the various area and property based tax incentive schemes and only to passive participants in the relevant businesses.

These measures will come into operation in the next tax year by way of a Commencement Order to be made by the Minister for Finance not less than two months following the publication of an impact assessment into the effects of the proposed changes.

STAMP DUTY

SECTIONS 60 AND 62 - RESIDENTIAL PROPERTY STAMP DUTY RATE

The Bill amends the Stamp Duties Consolidation Act 1999 to give effect to a number of fundamental reforms. The measures will modernise and simplify the conveyance or transfer of residential property by reducing residential Stamp Duty rates and abolishing existing reliefs and exemptions.

Stamp Duty will be charged at 1% on all transactions of residential property valued up to €1 million and at 2% on amounts above €1 million for property transfers affected on or after 8 December 2010. The previous exemption from Stamp Duty for residential properties valued under €127,000 is abolished. Transitional measures will be put in place for any transaction where a binding contract was in place before this date and where the transaction will be completed before 1 July 2011.

As announced in the Budget, all residential property Stamp Duty reliefs and exemptions are being abolished. These reliefs include: first time buyer's relief; reliefs and exemptions for new residential property; consanguinity relief for residential property transfers; and site to child relief.

SECTION 60 - FIRST TIME BUYER RELIEF FOR MENTALLY INCAPACITATED INDIVIDUALS

An extension in the Stamp Duty relief for first-time buyers is also being introduced to cover the purchase of a dwelling house for an incapacitated individual for use as that individual's principal private residence. This relief applies from 1 January 2010 to 8 December 2010. It is then being abolished in line with the general treatment for Stamp Duty reliefs and exemptions.

CAPITAL ACQUISITIONS TAX

SECTION 65 - CAPITAL ACQUISITIONS TAX THRESHOLDS

The Bill makes provision for Budget reduction in the CAT tax-free thresholds. The current thresholds of €414,799 (Group A: parents to child), €41,481 (Group B: between related persons), and €20,740 (Group C: between non-related persons) are being reduced by approximately 20% to €332,084, €33,208 and €16,604 respectively. This reduction applies in respect of gifts or inheritances taken from midnight on 7 December 2010.

TAX ADMINISTRATION

SECTION 20 - RELEVANT CONTRACTS TAX (RCT) REFORM

As announced in the Budget, the proposed changes involve the replacement of the current RCT rates with a three-rate withholding system on a revenue-neutral basis. A 0% rate which would apply on the same basis as currently applies to a C2 holder - criteria include compliance with tax obligations for previous three years. A 20% rate will be introduced for subcontractors registered for tax with an established compliance record. The 35% rate will be retained as the default rate where the other rates are not appropriate. In addition, the monthly repayment system will be abolished and replaced with an offset system while the reporting system for RCT principals will be strengthened in order to enhance compliance and reduce the opportunities for fraud.

INDIRECT TAXES

EXCISE

SECTIONS 48, 49 AND 50 - VEHICLE REGISTRATION TAX

Enactment of the following package of measures: (i) extension of the Car Scrappage Scheme to 30 June 2011 (with reduction in VRT relief to €1,250); (ii) extension of VRT relief for series production hybrid and flexible fuel vehicles for a further two years until 31 December 2012, but with reduced maximum relief of €1,500; (iii) re-classification of certain commercial vehicles for VRT purposes to ensure that they continue to have the low VRT rate applied to them; (iv) increase in the rate of VRT payable on Category C vehicles from €50 to €200 from 1 May 2011.

SECTION 39 - MINERAL OIL TAX – EXCISE ON PETROL AND AUTO-DIESEL

Excise Duty on petrol and auto-diesel was increased by 4 cent and 2 cent respectively (VAT inclusive) per litre with effect from midnight on 7 December 2009. These measures are being confirmed in the Finance Bill.

SECTION 45 - AIR TRAVEL TAX

A single rate of Air Travel Tax of €3 will replace the existing rates with effect from 1 March 2011.

SECTION 46 - BETTING DUTY

The 1% betting duty will be extended to remote bookmakers taking bets from persons in Ireland. Betting Exchanges, in view of their different business model, will be made liable to a "betting intermediary duty" at the rate of 15% of the commission they charge/receive from persons in Ireland. The taxation measures will be subject to a Commencement Order. The necessary regulatory changes will be provided for through separate legislation amending the Betting Act 1931.

MISCELLANEOUS

SECTION 24 - EXTENSION OF FARMER STOCK RELIEF

The 2011 Budget announced that the existing general 25 per cent stock relief for farmers and the special incentive stock relief of 100 per cent for certain young trained farmers will be extended from 31 December 2010 for a further two years, subject to clearance with the European Commission under State aid rules.

SECTION 23 - SECTION 23-TYPE RELIEF

Section 23 relief will be restricted to set-off against rental income from the Section 23 property itself. Where a person sells a residential Section 23 property within the holding period, the relief does not pass to the new owner. Unused relief, previously available for carry forward beyond the normal 10-year holding period will now be lost. For section 23 properties that are as yet unsold, the 10-year qualifying period will start on a date to be specified. These changes apply solely to passive participants and do not affect residential owner-occupier relief.

These changes will come into operation in the next tax year by way of a Commencement Order to be made by the Minister for Finance not less than two months following the publication of an impact assessment into the effects of the proposed changes.

PART 2 – FURTHER MEASURES NOT YET ANNOUNCED

OTHER INCOME TAX

SECTION 15 - STUDENT CONTRIBUTION CHARGE

The Student Services Charge of €1,500 is being replaced with a Student Contribution Charge. The existing tax relief for third level fees/charges is being amended to provide that the first €2,000 in fees/charges per claim will be ineligible for tax relief for students in full-time education. For students in part-time education, the first €1,000 in fees/charges will be ineligible.

Families with two or more children in third level education on a full-time basis who would be liable to the Student Contribution Charge will receive some tax relief resulting in a reduction in the cost of the Charge to them.

For example, a family with two siblings attending a public college on a full time basis would be liable to Student Contribution Charges totalling €4,000. The first €2,000 of such fees/charges would not qualify for tax relief under the proposal and the remainder would be tax relieved at 20% so that the family would be eligible for a tax refund of €400. Therefore, the total fees/charges incurred for both students would be €3,600.

SECTION 9 - PRIVATE HEALTH INSURANCE AGE-RELATED TAX RELIEF

The age-related tax relief at source for individuals aged under 60 years is being abolished. For individuals aged 60 years and over, it is necessary to increase the level of relief to 65% of the additional cost of health care. The cost of this relief is met by collecting the Health Insurance Levy (see under Part 2 - Stamp Duty).

CORPORATION TAX

SECTION 38 - R&D TAX CREDIT SCHEME

The definition of expenditure on research and development for the purposes of the R&D tax credit is being amended so that a company cannot also claim the tax credit on expenditure incurred on specified intangible assets (for which a separate tax relief scheme is already in place.)

SECTIONS 33 AND 34 - CHANGES IN RELATION TO TAX RELIEF ON INTEREST

Relief under section 247 TCA will not generally be allowed in respect of interest on intra-group borrowings to finance the purchase of assets from another group company nor will such interest be allowed as a deduction in computing profits or gains of a trade. Other changes are being made in this area to ensure that the interest relief provisions operate as intended.

SECTION 27 - CERTAIN SETTLEMENTS INVOLVING CLOSE COMPANIES

Changes to legislation are being made to counter attempts to extract funds from close companies on a tax-free basis using trusts and other such arrangements. The changes will apply to transfers of assets or liabilities made on or after the date of publication of the Bill.

INCOME TAX/CAPITAL GAINS TAX/ CAPITAL ACQUISITIONS TAX

SECTION 18 - CHANGES TO PAY-AND-FILE AND PRELIMINARY TAX DATES

As a means of improving the assessment of tax performance in advance of the usual December Budget, the pay and file dates for self-employed Income Tax and Capital Gains Tax (CGT) are being brought forward by one month from end-October to end-September with the continued additional 14 days for payment on line (Revenue Online Service – ROS). The proposed changes are aimed at reducing the over-concentration of tax receipts in late October/mid-November; this will enhance the accuracy of next-year Budget forecasting and help facilitate an earlier Budget if required.

STAMP DUTY

SECTION 61 - PRIVATE HEALTH INSURANCE LEVY

This provides for the Private Health Insurance Levy increases from €55 to €66 for insured persons aged under 18 years and from €185 to €205 for insured persons aged 18 years and over, for policies opened or renewed after 1 January 2011. This increase is balanced by changes in the age-related tax credit (see under Part 2 - Income Tax) and is necessary to ensure that the scheme is revenue-neutral over its three year duration. The payment dates for this Levy have also been brought forward for 2011 and 2012.

CAPITAL ACQUISITIONS TAX

SECTION 64 - CLAW-BACK OF CERTAIN RELIEFS

This measure corrects drafting errors in the Capital Acquisitions Tax Consolidation Act 2003 concerning the operation of agricultural relief, business relief, and the use of Capital Gains Tax as a credit against a Capital Acquisitions Tax liability on the same event.

TAX ADMINISTRATION

SECTION 17 - PROFESSIONAL SERVICES WITHHOLDING TAX

This is a routine update of the Schedule of Accountable Persons via additions, deletions and amendments.

SECTION 75 - PAYMENT OF TAX BY CREDIT CARD AND OTHER SIMILAR MEASURES

This is a customer service initiative to provide taxpayers with additional optional methods for the payment of taxes and duties giving them greater flexibility for making payments while also facilitating voluntary compliance.

SECTIONS 68 AND 69 - MANDATORY DISCLOSURE

The main purpose of the Mandatory Disclosure regime is to operate as an effective ‘early-warning’ system for Revenue where information on tax avoidance schemes that may be unacceptable can be obtained at an early stage. Regulations and Guidance Notes relating to the Mandatory Disclosure scheme introduced in the Finance Act 2010 were prepared. Following signature by the Minister on 17 January 2011, the Mandatory Disclosure regulations have now been published. They reflect the outcome of a consultation process undertaken by the Revenue Commissioners and which raised a number of issues about the scheme that require amendment by primary law.

Accordingly, an amendment is proposed to make commencement provision prospective from the time when the final Regulations came into effect and allow a transition period of three months before first disclosures have to be made. Similarly, it is proposed to amend the primary legislation relating to client lists to require the promoter to include a client on the list to whom a scheme has been made available for implementation unless the promoter has satisfied himself that the client has not implemented the scheme during the reporting period.

SECTION 73 - STATUTORY BASIS FOR TAXPAYER CONFIDENTIALITY

This proposal addresses the current lack of a specific tax-related provision governing the confidentiality of taxpayer information provided to Revenue. It will also align the treatment of confidentiality of taxpayer information which is out of line with the practice in most tax administrations in other jurisdictions and Irish Institutions such as the Central Bank and Financial Regulator. The proposal stresses that taxpayer information held by Revenue is confidential and it may only be disclosed by Revenue in specific exceptions where disclosure is appropriate and on foot of a specific legislative provision. It also covers Charity information that is already published and the provision of material used by the Department of Finance for policy formation and evaluation. An exception will also apply in connection with criminal proceedings and other legal proceedings.

REVENUE POWERS

SECTION 70 - NOTICE OF ATTACHMENT (NOA)

A number of proposals are being made in relation to the use of Notices of Attachment (NOA) including widening the circumstances in which Revenue can issue a NOA.

SECTION 21 - FALSE CLAIMS

This section is concerned with measures relating to false claims for tax credits or refunds. The measures seek to impose a penalty on any person who makes a false claim or assists in making a false claim. The measures also seek recovery from the beneficiary of any tax refunded on the basis of a false claim and to charge interest on such proceeds from the date the person first benefited from the false claim until the proceeds were paid back to Revenue.

SECTION 71 - FRAUDULENT CHANGING OF COMPUTERISED RECORDS

Software (commonly called a “Zapper”) can be applied to electronic point-of-sale records to seamlessly amend them to, for example, reduce the recorded turnover of a business. A number of other tax administrations have found this software in use on a significant level. Given the sophistication of the tools, the potential tax loss and the difficulty in establishing that they have been used, it is proposed that a general outlawing of these “zappers” with appropriately stringent penalties, is required.

SECTION 72 - PUBLICATION OF TAX DEFAULTERS

In general, publication of tax defaulters can only follow “agreement” and “payment” of settlement amounts. Certain taxpayers and agents are aware of this requirement and they persistently resist or refuse to either agree liability or pay the settlement which prevents Revenue from publishing the relevant details. Therefore, measures are being introduced in Finance Bill 2011 to amend existing legislation to counteract this.

SECTION 74 - ISSUING OF RECEIPTS

Revenue traditionally issued physical receipts for taxes paid, which is a costly process in terms of paper costs and postage. However, with technological developments, receipts are now issued or made available electronically wherever possible, for example, through ROS. Revenue wishes to make further advances in this regard by making physical receipts the exception rather than the rule. While the legislation provides that Revenue may issue receipts, it is considered desirable that the issue of receipts in electronic format be copper-fastened in the legislation.

FINANCIAL SERVICES

SECTION 37 - AMENDMENT OF SECTION 110 (SECURITISATION/STRUCTURED FINANCE) PROVISIONS

Section 110, TCA 1997 governs the taxation of securitisation and structured finance transactions. The purpose of the proposed amendments is two-fold. In the first instance, it will extend the type of assets that a section 110 company can acquire to include plant and machinery, commodities and carbon offsets. The carbon offset proposal is part of a broader initiative to develop a Green Financial Services

Centre. At the same time, the provisions of section 110 are being restricted to better reflect their original intention.

EXCISE

SECTION 41 - SOLID FUEL CARBON TAX – TREATMENT OF SOLID FUELS FOR FURTHER PROCESSING

Under existing legislation the Solid Fuel Carbon Tax is to be charged at the time of the first supply in the State of solid fuel on which VAT is chargeable. An amendment is being made to provide that in the case of coal and peat supplied for the manufacture of a distinct type of solid fuel (e.g. coal nuggets, peat briquettes), the carbon tax will be charged on the first supply in the State of the manufactured product; thereby deferring the date the carbon tax falls due.

SECTION 40 - MINERAL OIL TAX – INDICTABLE OFFENCES IN RELATION TO SELLING OR DELIVERING MARKED FUEL

The Mineral Oil Tax law is being amended to provide that the conditions, under which a rate lower than the appropriate auto-rate may be applied to a mineral oil, may include conditions, set by Revenue for the selling, keeping, and delivering of that mineral oil. Amendments also provide for an indictable offence of failing to comply with these conditions for the application of a lower rate of Mineral Oil Tax. Offences relating to the keeping of oil-laundering equipment are extended to include the keeping of such equipment on a vehicle of transportation.

CUSTOMS AND EXCISE

SECTION 50 - VEHICLE REGISTRATION TAX FOR ELECTRIC VEHICLES

The current exemption from VRT available on the purchase of electric vehicles until 31 December 2012 should have a cap of up to €5,000 applied to it with effect from 1 May 2011.

SECTION 42 - CIVIL (TAX-GEARED) PENALTIES FOR EXCISES

A new system of tax-geared penalties (i.e. penalty as a percentage of the tax evaded or otherwise underpaid) was introduced by the Finance (No. 2) Act 2008, for taxes other than excise duties. This penalty system is being extended to excise duties.

SECTIONS 43 AND 44 - CONDEMNATION OF SEIZURES AND OTHER CIVIL PROCEEDINGS

Enactment of the following package of measures in the excise area: (a) remove the current provision that out-of-State residents in forfeiture proceedings must specify the name and address of a solicitor in the State at which documents relating to such proceedings may be served. In future an out-of-State claimant will only have to specify an address to which documents, and condemnation proceedings, may be served by registered post; (b) condemnation proceedings will now be heard in the Circuit Court where the value of the goods concerned exceed €6,350 but do not exceed €38,092. The District Court will continue to hear proceedings up to €6,350; and (c) amend legislation to allow such proceedings to be taken in the name of the Revenue Commissioners rather than the Attorney General.

SECTION 51 - CUSTOMS PENALTIES

The introduction of administrative penalties for infringement of certain Customs rules, which will bring Ireland into line with the rest of the EU. Administrative penalties are already provided for in the other tax codes.

VAT

SECTION 54 - TRANSITIONAL MEASURES FOR PUBLIC AUTHORITY HOUSING/BURIAL PLOTS

VAT was introduced on public bodies on 1 July 2010 in accordance with the ECJ Judgement against Ireland under Case C-554/07. Difficulties arose in certain circumstances with regard to housing and burial plots purchased or acquired by public authorities before the introduction of VAT and sold after 1 July 2010. On an administrative basis, a deductibility adjustment has been applied, which can be no greater than the value of the VAT due on the sale, for housing sold by public bodies on or after 1 July 2010, which was acquired or developed by them before that date and where there is otherwise no entitlement to VAT input credit. This deductibility adjustment is now being formally provided for in legislation.

SECTION 38 AND SCHEDULE 3 - POST-CONSOLIDATION AMENDMENTS ARISING FROM THE VAT CONSOLIDATION ACT 2010

A number of typographical, cross-referencing or minor technical amendments are being be made to the VAT Consolidation Act 2010, by way of a Schedule to the Finance Bill. The correction of these errors was not possible in the consolidation process. In keeping with commitments made in the debates on the Bill, the opportunity is now being taken to correct the errors.

SECTION 57 - AMENDMENT TO POSTAL SERVICES VAT EXEMPTION

Amendment to the VAT treatment of postal services is necessary as a consequence of changes to postal legislation at domestic and EU level. The postal services VAT exemption is being extended to apply to the supply of public postal services by An Post or any other body designated to provide universal postal services. Ordinary public postal services, like those carried out by An Post, will continue to be exempt from VAT.

SECTION 55 - EXTENSION OF VAT PENALTIES PROVISIONS

The penalties regime for VAT non-compliance is being extended. The amendment provides that penalties will apply in the event of (a) failure to provide a recapitulative statement (i.e. a statement in respect of intra-Community supplies) for services, (b) failure to create a capital goods record and failure to issue such a record to a transferee under the Capital Goods Scheme, (c) failure to notify the Revenue Commissioners where a business ceases to be a qualifying person under the zero rating scheme for “export businesses” and (d) failure to provide certain documentation in the event of an assignment or surrender of a legacy lease. This change will facilitate the easier and better administration of the VAT system in those areas.

SECTION 53 - REVERSE CHARGE PROVISION FOR SCRAP METAL INDUSTRY

A VAT reverse charge mechanism is being introduced in respect of the scrap metal sector. The reverse charge mechanism places the onus on the business customer, rather than the supplier, to account for and pay VAT to the tax authorities. This mechanism already operates in the construction industry and the greenhouse gas emissions trading industry.

SECTION 56 - USE PERIOD FOR FOREIGN MOBILE TRADERS EXTENDED

VAT legislation is being amended to provide that a premise provider must notify Revenue 14 days in advance of a foreign-established mobile trader supplying goods from his premises for a period of less than 28 days. This requirement is being extended from a use period of less than 7 days on account of the increase in the number of trades, fairs, etc that extend beyond 7 days, e.g. Christmas fairs. It will assist in combating tax evasion.

SECTION 57 - VAT EXEMPTION EXTENDED TO INTERNET BETTING & BETTING EXCHANGES

Betting duty is being extended in the Finance Bill to encompass internet betting and betting exchanges. As a consequence, the existing VAT exemption which applies to on-course and off-course betting with bookmakers, betting on the Tote and lotteries is being extended to internet betting and betting exchanges. This VAT provision, in conjunction with the Finance Bill provision on internet betting, will be subject to a Commencement Order.

SECTION 57 - ADMISSION TO CULTURAL SERVICES BY PUBLIC BODIES

Admissions to cultural services, e.g. museums, provided by public bodies will be made explicitly exempt from VAT. Article 132(n) of the VAT Directive obliges Member States to provide an exemption for the supply of certain cultural services by bodies governed by public law. This explicit exemption, back-dated to 1 July 2010, will clarify the continuing compliance with the obligation under the VAT Directive.

TECHNICAL AMENDMENTS

The Bill is to include a series of minor technical and drafting amendments. These cover, for example, drafting changes aimed at providing greater clarity or to correct minor errors, amendments to deal with changes in the official names of bodies, corrections of definitions or anomalies, changes addressing non-controversial legal and administrative issues, and so forth