An SME Budget
that drives Competitiveness

Pre-Budget submission 2014 August 2013

EXECUTIVE SUMMARY

Limerick Chamber is the largest business representative organisation in the West of Ireland. We represent businesses of all sizes, across all sectors. This submission is made on behalf of and in consultation with, our members – the business community – the employers, job creators, and revenue generators.

This submission highlights key **obstacles** and **challenges** faced by businesses in their quest to remain **competitive** and makes **suggestions** regarding **policy options** government could adopt to address these.

The submission focuses on four key areas that contribute to the competitiveness of businesses;

1. *Access to Working Capital*
2. *Lower the Cost of Doing Business*
3. *Encourage Start-Ups, Enterprise Expansion, Employment Creation*
4. *Incentivise Growth in Domestic Economy*

In Budget 2014, the Government has an opportunity to address these and to **improve Ireland's competitiveness on an international level**.

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1. ACCESS TO WORKING CAPITAL

Adequate access to working capital **secures employment** and **allows reinvestment**. Despite the recapitalisation of the banking sector our members continue to remain under pressure to secure necessary working capital, leading to **payment delays**, **cuts in wages or working hours** to staff as well as (where possible) the use of personal funds or resources to maintain the business.

To date policy responses from Government have largely focused on investment finance, with measures such as the Temporary Partial Credit Guarantee Scheme and the Microfinance Scheme. However by its own admission the Department of Jobs, Enterprise and Innovation concede that take-up to these schemes 'remains disappointing'.

Limerick Chamber welcomes the measures introduced in Budget 2013 to **improve working capital**, however we believe Budget 2014 needs to introduce targeted measures which would assist SMEs cash flows, securing employment, facilitating reinvestment and expansion and ultimately leading to greater returns for the exchequer by:

1. **Increasing** the qualifying amount for companies to use **cash accounting** to **€2.5 million;**
2. **Enhance the Employment and Investment Scheme;**
3. **Drive enhanced use of the Seed Capital Scheme;**
4. Enforce the **15 Day Prompt Payments** Requirement.

1.1 INCREASING THE QUALIFYING AMOUNT FOR COMPANIES TO USE CASH ACCOUNTING TO €2.5 MILLION

- The threshold should be **increased** in Budget 2014 from €1.25m **to €2.5m**;
    - Using CSO figures, this increase would benefit an additional 3,458 companies. Applying a debtor-day average of 60 days this could potentially free-up an estimated €330million[1] in any two month period, which not only assists cash flow, but it protects jobs and allows re-investment facilitating further business growth.
- Although increased in Budget 2013 from €1 million to €1.25 million, this threshold is **still low** in comparison to cash accounting schemes in the **UK and Australia;**
- To support business expansion, under the current system if a company is over the threshold they are 'caught' as if there is no threshold. A **graduated system** needs to be introduced to support firms transitioning from cash to invoice basis. The current system is a **virtual barrier to growth;**
- The full year **cost of this proposal is zero**, as there is no reduction in VAT paid, simply a **deferral**. The cash flow cost for the State could be substantially covered by redirecting unused investment funds set aside for the Partial Credit Guarantee scheme.

[1] A turnover of €2.5 million per annum equates to approximately €208,333 per month. VAT at 23% on this is €47,917. Applying a 60 debtor-day average to this figure results in the freeing up of €95,834 in working capital for each firm. The increase in the qualifying rate to €2.5m will assist approximately an additional 3,458 companies.

1.2 ENHANCE THE EMPLOYMENT AND INVESTMENT INCENTIVE SCHEME (EIIS)

We note that use of the EIIS (formerly BES) has fallen dramatically from a peak of €152m in 2007 to a current low of less than €20m. Limerick Chamber have a number of suggestions to improve the use of and access to the EIIS scheme, with a view to ensuring that more firms from more sectors use this worthwhile initiative:

- **Remove** the **high income earner** restriction;
- Consider introducing a 'Seed Employment and Investment Incentive Scheme' **targeting investments in seed/early stage companies** with an upfront **income tax relief of 41%** and greater facilitation of Business Angel investors;
- Ensure that that medium-sized companies in non-assisted areas automatically qualify under the **new EU risk capital guidelines** for this scheme; and
- Review the impact **of broadening the scheme on higher risk** and **early stage internationally trading businesses**.

1.3 DRIVE ENHANCED USE OF THE SEED CAPITAL SCHEME

While recognising that Government has sought to enhance use of the Seed Capital Scheme, we believe that more could be done to grow the number of firms applying for it. These are as follows:

- Government should consider options for making the scheme more **attractive to the self-employed.** For example, consideration should be given to eliminating or softening the requirement for investors to have had 75% schedule E income, with income from other sources not exceeding €50,000 over the previous 3 years. Self-employed entrepreneurs would often not fit this profile, particularly in relation to the proportion of Schedule E income;
- The **scope and activities** of the SCS should continue to **mirror the EIIS**;
- Even **greater promotion** of the scheme;
- Revenue Commissioners should provide outline approval for SCS claims to facilitate the securing of funding/investments from other sources; and
- Revenue should commit **to processing income tax refunds quickly** to aid start-up firms with cash flow.

1.4 ENFORCE THE 15 DAY PROMPT PAYMENTS REQUIREMENT

- Despite a 15 day Prompt Payment government requirement in effect since March 2013 that all central Government Departments, the Health Service Executive, the local authorities and all other public sector bodies (excluding commercial Semi-State bodies) are to pay their suppliers within 15 calendar days of receipt of a valid invoice, feedback from within our network is that this is not being adhered to;
- Full compliance with EU Directive 2001/7/EU must be implemented;
- Government cash flows cannot be funded by the SME sector.

2. LOWER THE COSTS OF DOING BUSINESS

Ireland remain out of line for a range of business inputs putting Ireland at a competitive disadvantage relative to our international competitors: **labour costs**, which account for the largest proportion of location sensitive costs for most businesses remain relatively high at 6% above euro area averages; **Energy costs** remain a cause for concern, particularly for SMEs where Ireland is the 4th most expensive location in the euro area for electricity. Limerick Chamber suggests the following policy options should be considered by government to assist companies to remain competitive by ensuring no increase in the cost of doing business by:

1. Freezing employers **PRSI** at current levels
2. No transfer of **sick pay** obligations
3. Addressing our uncompetitive **Utility Costs**
4. More Equitable **Commercial Rates**
5. Encourage **Pension** Provision

2.1 FREEZE EMPLOYERS PRSI AT CURRENT LEVELS

- Ireland has the 11th highest net labour cost level in the OECD[2];
- As a result of recent labour tax changes both average and marginal rates on income have been increasing, which increases the cost of labour for employers[3];
- **Any increase in the PRSI** contributions of employers could have a **detrimental impact on SMEs.** Ireland has worked hard to produce an internal devaluation through labour costs reductions;
- Figures from the OECD[4] show that Ireland's Unit Labour Cost fell considerably in 2009 and 2010. This has had a positive effect on the competitiveness of SMEs. An increase in PRSI contributions could reverse this trend and would only add to the pressures faced by employers in this sector; and
- Any move to increase the PRSI contributions of employers would impact negatively on productivity levels, which could subsequently **threaten job retention and creation**.

2.2 NO TRANSFER OF SICK PAY OBLIGATIONS

- In the lead-up to Budget 2013 the Department of Social Protection suggested a transfer of sick pay obligation from their Department to the employer.
    - There may be merit for the Department in exploring ways in which is can transfer the €550million sickness and absence bill it faces for public sector workers annually, however,

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[2] Forfás, Ireland's Competitiveness Performance 2013, p.10

[3] Forfás, Ireland's Competitiveness Performance 2013, p. 21

[4] http://stats.oecd.org/mei/default.asp?lang=e

- Absence from work due to sickness is not seen as a huge issue for most employers in the private sector;
- Any change to the current system, which is rumoured to save circa €150million for the Department, would **disproportionally impact on the private sectors** ability to retain and create jobs and would be a short-sighted inhibitor to economic prosperity.

2.3 ADDRESS UNCOMPETITIVE UTILITY COSTS

Ireland's **utility costs** – for both energy and water – is **eroding our competitiveness**; disproportionately **negatively impacting** on our domestic SMEs while also threatening our ability to attract large-scale FDI inward investment.

The **cost of industrial energy in Ireland increased by 10%** between the second half of 2010 and 2011; making Ireland the **5th most expensive** in the **euro area 15**[5]. In terms of **electricity costs for SMEs**, Ireland remains the **3rd most expensive location** in the euro area[6].

Ireland is **6th most expensive** location from euro area 15 countries **for water**. The cost of water for industrial users remained relatively static since 2007.

2.3.1 Capital Allowances for Water and Energy Efficiency Works

- Introduce accelerated capital allowances for businesses for water efficiency works.
- This would bring the treatment of water efficiency works into line with other types of energy efficient asset expenditures that already qualify for 100% write-off in the year of acquisition.
- Such an allowance would minimise their use of water, thereby reducing their cost base. It also frees up monies enabling reinvestment.
- Examples of capital allowances that could be explored at minimal include: solar & wind power storage; localised/community waste to energy projects in business/industrial parks; and easier (more business friendly) options for exporting excess energy back to the national grid (off-setting costs to business); commercial rainwater harvesting; low flow sanitary options; smart metering options could be significant incentives for business to spend to save on their bottom line. Similarly, incentives for SMEs supplying into the Water & energy sectors could create employment (training/upskilling costs tax off-sets above certain thresholds).

2.3.2 Incentive to reward Efficiency in Water and Energy Usage

- A new incentive is needed to encourage and reward efficiency in the use of water/energy.
- This could be applied to businesses that reduce their water/energy usage as compared to the prior year, thereby promoting energy efficiency.

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[5] Irelands Competitiveness Scorecard 2012. National Competiveness Council, July 2012 (p.69)

[6] Irelands Competitiveness Scorecard 2012. National Competiveness Council, July 2012 (p.59)

- An additional corporate tax deduction could be given for, say 20%, of the total cost of water/energy for the current year, where at least a 10% reduction in the level of usage versus prior year has been achieved.

2.4 MORE EQUITABLE COMMERCIAL RATES

- A firms **'ability to pay'** or '**economic contribution'** is currently not taken into consideration in the calculation of commercial rates in Ireland. Limerick Chamber suggests an overhaul toward a more equitable calculation which takes into account factors other than the value of the premises, which could be piloted in Limerick. An example of such as system is the French Contribution Economique Territoriale (CET)[7] ;
- A more equitably system would address the enormous **bad debt provision** accumulating from the non-collection of rates within Local Authorities, estimated to be circa 50%;
- As Local Authority charges remain the **biggest fixed cost** for many **SMEs** it is imperative that the **savings made** from the on-going reforms of Local Authorities and the introduction of the Local Property **tax be passed on to businesses** in the form of targeted reductions;
- Commercial rates are negatively impacting on the viability of our **town and city centres**, particularly true in the case of Limerick. They disproportionately impact on **retail**, a sector which is adversely struggling in the current climate.

2.5 ENCOURAGE PENSION PROVISION

Pension provision already faces significant challenges, not least affordability. Negative adjustments to the tax relief system will increase these challenges resulting in significant reductions in the provision of private pension benefits which will increase the reliance on State benefits in the future. Feedback from our network also suggests that the entire area of pension provision and the current system are currently overly complicated and in need of simplification. The government need to enact policies to incentivise private pension provision.

2.5.1 Reinstate PRSI relief for employers

- This **provision needs to be reinstated** to support and encourage employers who make pension contributions for their employees;
- Employers have traditionally been able to deduct employee pension contributions from the calculation of PRSI;
- This allowance was halved in 2011 and abolished in 2012; it needs to be reinstated.

[7] The French CET takes into account the contribution made by a company as well as the rateable value of the property occupied by the business. Local Authorities are given considerable discretion over minimum rates and exemptions can be applied to new companies, called auto-entrepreneurs, who create new jobs.

2.5.2 Pension Levy

- Limerick Chamber welcomes the Government commitment that this **levy will cease in 2014**.
- The levy has increased the burden on the provision of pension benefits on employers, **eroding** their **competitiveness** internationally.
- It also sends a disturbing message to multi-national employers who may see this as retrospective taxation.

2.5.3 Tax Relief on Pension Contributions

- Any change to the **marginal rate of taxation** will have a **negative effect on pension provision** at the higher rate.
- Government should maintain the current system for higher rate tax payers but looks to **increase the tax relief granted for lower paid workers**. This would expand pension provision and encourage lower paid workers not to opt out of their existing pension arrangements due to short-term financial pressures.
- There is an opportunity for the exchequer to **simplify** how this relief is being claimed – Limerick Chamber suggests a system similar in principle to the SSIA scheme by **applying a return** into the fund as opposed to a retrospective tax claim.
- If tax changes result in higher rate taxpayers ending pension contributions, this would increase tax revenue in the current year, but reduce tax revenue longer term as a result of fewer pensions being paid. Any person in employment that specified compulsory pension contributions would correctly regard the system as unfair double taxation.

3. ENCOURAGE START-UPS, ENTERPRISE EXPANSION AND EMPLOYMENT CREATION

SMEs accounted for two-thirds of new employment in Ireland last year. Government policies must not only support start-up companies but must also provide the necessary incentives and training needed for businesses expanding. Limerick Chamber suggest that in Budget 2014 government should:

1. Enable **start-ups** to **offset corporation tax** against other **taxes due** over a **five year** period
2. **Halve** the level of **Capital Gains Tax** for **Entrepreneurs** to **16.5%**
3. Provide necessary **Training** and **Management Development Supports**
4. **Incentives** for increases in **net headcount**

3.1 ENABLE START-UPS TO OFFSET CORPORATION TAX AGAINST OTHER TAXES DUE OVER A FIVE YEAR PERIOD

- A company should be able to **off-set trading losses against other taxes due in the initial start-up phase;**
- An initial start-up period of **5 years would**, in our view, be more beneficial to new enterprises as most start-ups are not profit making in the initial start-up phase;
- The measure would **assist cash flow for start-up companies**, a vital ingredient which could enable them to overcome the most challenging period in the development of the company;
- The calculation could be **done on a value basis** so the Revenue Commissioners do not lose out financially but "**refund**" VAT in a given year in lieu of a Corporation Tax Deduction in future years when profits are made;
- We recommend the **introduction of a pilot scheme in the Limerick** area supporting and encouraging start-ups in the Mid-West region at the earliest opportunity, to be extended to all business start-ups once its efficacy has been established.
- The corporation tax exemption for start-up trades should also be amended to make it more accessible by companies. As initially introduced, there was no relationship between the availability of the relief and the level of employer PRSI paid by the company. While we appreciate linking the two was an attempt to stimulate job creation, we believe that the result has been that the bulk of start-ups are not in a position to avail of the maximum relief. **Removing the requirement** to have a **corresponding employer PRSI liability** would facilitate greater use of the relief in the critical first years of a company.

3.2 HALVE THE LEVEL OF CAPITAL GAINS TAX (CGT) FOR ENTREPRENEURS TO 16.5%

There is a need for government to **differentiate between** varying categories **of investor**. For example it is inequitable to apply the same level of Capital Gains Tax to an entrepreneur, who is risking so much to establish an enterprise, as to an individual who, for example, is investing savings in shares in the stock market.

Ireland must be **mindful of our position internationally** and must strive to ensure that we remain in line with our **competitors**. The **UK's Entrepreneur's Relief** allows for a CGT rate of 10% on amounts up to a lifetime limit of STG£10m. Also, **Portugal** allows for a CGT rate of half the usual rate applying for entrepreneurs disposing of their business (i.e. 14% instead of 28%) while the US has a special 20% rate. All these regimes are subject to conditions but demonstrate the broader recognition of the **need to provide CGT incentives for those who ultimately create employment.**

- CGT should be reduced significantly to **16.5% for entrepreneurs**, to incentivise and reward risk taking both on business assets and business share disposals. It could also grow CGT revenues and **enhance opportunities for growth and 'scalability'** as some entrepreneurs could be further incentivised to sell their businesses as they approach retirement to other companies/entrepreneurs seeking to grow.
- A reduced CGT should also be introduced **for investors who wish to invest funds into Irish companies**. The reduced rate should be at least half of the current capital gains tax rate of 33%. There needs to be recognition of the difference between those who are investing in business, with a view to job creation, and those who are investing in the stock market for example. Rewarding such investments will provide much needed capital to support Irish companies expand, grow and create additional employment.

3.3 TRAINING AND MANAGEMENT DEVELOPMENT

There is a need for government to drive the competitiveness of our SME sector by providing supports and incentives for training and up-skilling.

3.3.1 Reform of the National Training Fund

- The vast majority of this €350 annual compulsory levy on all employers of 0.7%. is currently devoted to **training 'for employment'**;
- There is virtually **no funding available** to employers to either **up skill their management teams or staff**, this does little to assist firms at a time when they need it most;
- In response to our members needs Limerick Chamber calls on NTF **monies to be ring-fenced** to support the **up skilling of owner managers** and the **management teams** of these **SMEs** on vital skills such as Cash Flow Analysis, Leadership, Business Strategy, Sales Management, Opening Export Markets and Operations. Such supports will **assist businesses to grow** and ultimately **generate employment**.

3.3.2 Addressing Skills Shortages

- Government need to introduce on a **targeted basis**, focused on sectors where there are acknowledged **skills shortages**, **supports and incentives** to **train staff** similar to what is available elsewhere;
- This will alleviate the current recruitment from overseas necessitated in certain sectors;
- For example **Austria** provides an incentive whereby a company gets an additional extra deduction of 20% of the cost of training staff i.e. effectively a 120% deduction on the costs of training. This applies where the company has to incur a cost in training, e.g. by sending somebody on a training course internally, or having an in-house training team.

3.3.3 Incentives for increases in net headcount

- Limerick Chamber suggests that where there is a **net increase in headcount** over the course of the year, a **refund of half of the employer PRSI costs** associated with the (net) new hires could be given via the annual payroll return;
- Government must pursue policies that support and reward Irish companies who are expanding, driving competitiveness similar to what is currently available in other countries who have incentives directed at increasing net headcount. For example **Portugal** allows for a corporation tax deduction of an additional **50% of the salary cost** of net new staff, for a **5 year period**, subject to conditions. **Spain** has a similar incentive with an additional deduction of **20% of the salary cost** of net new staff, again subject to conditions. Finally, from next April the **UK** will be giving a **cash rebate** to companies of STG£2,000 towards the cost of their national insurance on employees;
- Staff who qualify under the Jobsplus initiative (i.e. long term unemployed) could be excluded from the analysis, on the basis that there are separate cash incentives to recruit them which are even more favourable;
- Safeguards to the exchequer could be in the form of a claw back clause should the "new" job not survive the defined period of time and the company wishes to continue trading. Policing this through existing P30/P35 returns and revenue commissioner audits should not result in an additional administrative cost to the state.

4. INCENTIVISE GROWTH IN THE DOMESTIC ECONOMY

Consumers have two choices: **save or spend**. In Ireland at present, the **lack of domestic demand** is propelled by **uncertainty** and fear and **people are choosing to save rather than spend**. This has a direct **impact** on the **business community**, exchequer returns, employment and the overall health of the economy.

The personal savings ratio is estimated to have reached an annual average of 10.6 per cent in 2009. This compares to a rate of 2.3 per cent in 2007. Much of the increase in savings, from an economics perspective, has been due to an increase in debt repayment. Decisions made by individuals about their savings intentions have important implications for personal consumption growth and the input this makes to economic recovery. Without disposable income there can be no demand for business services, and this is particularly evident in the retail sector

The circular flow of money and interdependence between personal consumption patterns, employment and business growth cannot be underestimated. Government must adopt an holistic approach to ensure that this co-dependency is nurtured to ignite a return to recover in our economy. Limerick Chamber suggests the following measures:

1. A **temporary reduced VAT** rate on Housing, Repair, Maintenance and Improvements to **5%;**
2. **Retain 9% VAT** for the hospitality sector;
3. **No** further erosion of disposable income through **increase in taxes;**
4. **Incentivise Work** over **Welfare.**

4.1 A TEMPORARY REDUCED VAT RATE OF 5% ON HOUSING REPAIR, MAINTENANCE AND IMPROVEMENTS (RMI)

- A **VAT rate of 5%** should be introduced in respect of RMI work. This should be introduced for a **defined period** of time to encourage early take-up;
- Forfás recently published a construction strategy which establishes a strategic plan for sustainable output from the sector over the medium term at a more optimum viable equilibrium level of **12 per cent of GNP by 2015**, compared with the current level of 6.4 per cent. These figures confirm that the sector has not returned to long-term sustainable levels and that there is **opportunity for sustainable employment growth**;
- The benefits to the exchequer of this would be to **circulate cash** into the economy from savings accounts and to encourage those who are displaced from the construction industry to take up new work positions;
- It also has the potential **to reduce the level of work** which is undertaken through **the black economy**. In relation to this, to entice black market activity back to legitimacy and tax compliance a lower VAT rate chargeable on business to consumer work for key markets could immediately eradicate with the ‘price for cash’ mentality with no loss to the exchequer.

4.2 RETAIN 9% VAT FOR THE HOSPITALITY SECTOR

The 9% VAT rate for tourism and hospitality sector must remain. This measure has secured employment and supported on-going improvements in competitiveness in this sector. Feedback from around our Network is that Government now needs to give certainty with regard to the retention of this rate. Furthermore, we believe that such schemes can be applied to other sectors such as construction (as above).

4.3 NO FURTHER EROSION OF DISPOSABLE INCOME THROUGH INCREASES IN TAXES

We maintain that Government should give serious consideration to cutting VAT rates given the on-going low levels of domestic demand and consumer confidence. While we recognise that the Government did not increase income tax rates in budget 2013, the on-going softening in VAT receipts shows the negative impact of earlier increases on domestic demand. Indirect tax obligations have increased substantially in recent years with the introduction of carbon and property taxes; with water charges to be rolled out in 2014 these indirect tax increases will no doubt further impact on negatively on demand for business services, particularly retail.

4.4 INCENTIVISING WORK OVER WELFARE

In this area, two key questions arise. Firstly, how can people be **incentivised to enter the workforce**; are there subtle **incentives** which **reward unemployment**? Secondly, how can people currently in **part-time work** be encouraged to transition **to full-time employment** when the opportunity arises? This '**underemployment**' harms the economy as people are not as productive as they ought to be.

- **Replacement rates** must continue to fall to ensure that they do not act as an incentive to remain unemployed. Forfás[8] has suggested that the current rate in Ireland acts as a disincentive to work. The current system effectively creates a **'poverty trap'** which results in the unemployed person becoming detached from the workforce.
- **Changes** in the **payment of social welfare**, along with further **reform of tax credits** and tax bands must be implemented to ensure replacement rates do not create an impediment to employment.
- Accumulated **welfare payments** paid by various agencies must be **capped** a level no greater than the **minimum wage** amount earned through fulltime employment;
- Individuals currently working part-time should receive the necessary support to move to full-time employment. Government must find the right balance: incentives must be created and impediments must be removed. People must recognise the benefit of moving to a full working week.

[8] Forfás, Review of Labour Cost Competitiveness, October 2010, p.8

- The services provided by Intreo must be introduced fully and rolled out across the country as quickly as possible. The service must be focused on helping people to **break their dependency on welfare** and move into the workforce on a permanent basis.
- Government should give consideration to 'outsourcing' employment programmes, whereby the companies with responsibility for delivering the services receive payment by results. Evidence provided by G4S[9] shows how such schemes have been successful in other countries. In Australia, in the first four years after services were contracted out, the cost of the programmes fell dramatically and the unemployment rate fell substantially. In the United Kingdom, after the first year of privately run Employment Zones, 34% of participants were or had been in paid employment, compared with 24% in previous publicly run New Deal programmes.

[9] Welfare Reform: An International Perspective, April 2012

CONCLUSION

Ireland is a small country on the periphery of Europe. However we **compete internationally** – government policies play a vital role in assisting firms ensuring they remain competitive.

Informed by our members, the business community in the Mid-West region, Limerick Chamber has highlighted 4 key issues that are impacting on our member's ability to compete, to grow and generate employment:

1. **Access to Working Capital;**
2. Improve **Competitiveness** by addressing the **Costs of Doing Business;**
3. **Encourage Start-ups, Enterprise Expansion** and **Employment Creation;**
4. **Incentivise Growth** in the **Domestic Economy**

We have also identified a range of policy measures which government can introduce as part of Budget 2014 which will ultimately **support business growth** and **employment creation:**

- **Increasing** the qualifying amount for companies to use **cash accounting** to **€2.5 million;**
- **Enhance the Employment and Investment Scheme;**
- **Drive enhanced use of the Seed Capital Scheme;**
- Enforce the **15 Day Prompt Payments** Requirement;
- Freezing employers **PRSI** at current levels;
- No transfer of **sick pay** obligations;
- Addressing our uncompetitive **Utility Costs;**
- More Equitable **Commercial Rates;**
- Encourage **Pension** Provision;
- Enable **start-ups** to **offset corporation tax** against other **taxes due** over a **5 year** period;
- **Halve** the level of **Capital Gains Tax** for **Entrepreneurs** to **16.5%;**
- Provide necessary **Training** and **Management Development Supports;**
- **Incentives** for increases in **net headcount;**
- A **temporary reduced VAT** of **5%** on Housing, Repair, Maintenance and Improvements;
- **Retain 9% VAT** for the hospitality sector;
- **No** further erosion of disposable income through **increase in taxes;**
- **Incentivise Work** over **Welfare.**

We ask that government **give due consideration** to our proposals and recognise the need to ensure that Irish businesses have adequate **access to working capital** which secures jobs and facilitates reinvestment; that the **costs of doing business** are addressed to ensure that Ireland and Irish companies can compete internationally; that the government provide additional incentives not only to **support start-ups** but also to enable established **businesses to expand** to **create jobs** and generate additional wealth for the exchequer; and finally, that government recognise the **interdependence** of **personal consumption** patterns and **business viability** – the expenditure of the private individual ultimately impacts on the viability of all business sectors. This co-dependence needs to be reflected in holistic policy measures.