



AN BILLE AIRGEADAIS (Uimh. 2), 2011
FINANCE (No. 2) BILL 2011

Mar a tionscnaíodh
As initiated

EXPLANATORY MEMORANDUM

Section 1 makes three amendments to section 766B of the Taxes Consolidation Act, 1997, primarily for the purpose of enhancing the flexibility for accounting for the R&D tax credit on an “above-the-line” basis. Section 766B places a limit on the amount payable by the Revenue Commissioners under sections 766(4B) and 766A(4B) of that Act.

The section firstly amends the definition of “payroll liabilities” to include any amounts the company is required to remit to the Collector-General in respect of the Income Levy, Parking Levy and Universal Social Charge. Secondly it introduces a new definition of “relevant payroll period”, being a period which comprises the accounting period in which the R&D expenditure was incurred and the period immediately preceding and equal in length to that accounting period.

Lastly, the section amends the limit on payable credits, provided for in section 766B, subject to certain conditions.

Section 2 relates to Air Travel Tax and amends section 55 of the Finance (No. 2) Act 2008 to empower the Minister for Finance to appoint, by order, a day on or after which passenger departures would not be subject to the tax.

Section 3 amends the Value-Added Tax Consolidation Act 2010 to provide for a second reduced VAT rate of 9%, in respect of certain goods and services, for the period 1 July 2011 to 31 December 2013. Thereafter the rate will revert to the rate of 13.5% currently applying to goods and services in Schedule 3.

The amendment provides that the 9% rate will apply mainly to restaurant and catering services, hotel and holiday accommodation, admissions to cinemas, theatres, certain musical performances, museums and art gallery exhibitions, fairgrounds or amusement park services, the use of sporting facilities, hairdressing services, printed

matter such as brochures, maps, programmes, leaflets, catalogues, magazines and newspapers.

Section 4 provides for the levy on pension schemes announced in the Jobs Initiative. It inserts a new section 125B into the Stamp Duties Consolidation Act 1999 which imposes an annual stamp duty of 0.6% on the market value of assets under management in pension schemes approved by the Revenue Commissioners under Irish tax legislation. The schemes affected are Retirement Benefit Schemes (i.e., Occupational Pension Schemes), Retirement Annuity Contracts and Personal Retirement Savings Accounts (other than what are known as vested PRSAs).

The value of the assets subject to the levy in respect of each year, is the market value of the assets on the date of publication of this Finance Bill in respect of the year 2011 and on 1 January in each of the years 2012, 2013 and 2014 or, where scheme accounts are prepared, on the last date of the accounting period ending in the 12 month period preceding those valuation dates.

The levy will apply for a period of 4 years (2011 to 2014) and is payable twice yearly at the rate of 0.3% on each due date. Chargeable persons will be required to deliver a statement on each payment date setting out the chargeable amount and the stamp duty payable.

The levy will not apply to the assets of occupational pension schemes in respect of employees whose employment is or was wholly exercised outside the State. In other words, the levy will not apply to the extent that a scheme is intended to provide retirement benefits outside the State. In addition, it will not apply where the trustees of a scheme have passed a resolution to wind-up the scheme and where the business in respect of which the scheme was established is insolvent.

Provision is made to allow pension scheme trustees or administrators the option of adjusting the benefits payable under a pension scheme, on foot of payment of the duty.

The chargeable persons for the levy are trustees of pension schemes and the insurers and administrators having the management of the assets of pension schemes.

The section also makes consequential changes to certain provisions of the Taxes Consolidation Act 1997 relating to the approval conditions that apply to pension scheme providers located outside the State that seek to provide retirement benefits in the State. Under the existing legislation, such providers are required, unless they have a fiscal representative in the State, to enter into a contract with the Revenue Commissioners to the effect that all duties and obligations imposed by the pensions tax legislation will be discharged. These duties and obligations are now extended to include the levy.

Section 5 deals with the 'care and management' of taxes and duties.

Section 6 contains the provisions relating to short title and construction.

*An Roinn Airgeadais,
Bealtaine, 2011*