Dóchas

The Irish Association of Non-Governmental Development Organisations

**Briefing - Ireland’s Tax Policies, Development and Brexit**
**Delivered to the Oireachtas Joint Committee on Foreign Affairs and Trade and Defence Committee - 6th April 2017**

## Introduction

There has been much speculation in the media about the potential for UK-based financial sector firms to relocate to Dublin, as well as speculation that the UK may cut their tax rates to improve competitiveness, starting a renewed 'race to the bottom' globally. While the Irish government considers its response, we would like to highlight the significant impact of our financial regulation and taxation practices on developing countries. This is of concern to many of our members working on tax justice. UN figures have shown that developing countries lose more through tax dodging than they gain in aid - some $100 billion annually. It is imperative that any potential changes that may be made to Ireland's tax or regulation practices in response to Brexit first be examined for their impact on developing countries. Such policy changes have the potential to undermine the work of Irish Aid and our overseas programmes.

## Key messages

1. It is essential that Ireland remember our commitments to policy coherence for development and the implications of tax policies and practices on developing countries is built into our regulatory process.
2. The government needs to recognise the necessity of enhanced regulation and oversight of our tax policies if there is a significant relocation of international financial sector firms to Ireland, and should start planning for this now. This must include enhanced political oversight, ideally through the Public Accounts Committee, which should at a minimum be granted powers of oversight regarding the tax ruling system.
3. Ireland's attractiveness to those who may wish to relocate here in the aftermath of Brexit is predicated on our continued good relationship with the EU, yet the government's current stance on the EU's tax reform agenda undermines this impression. The MEP Brian Hayes has suggested that EU tax harmonisation was an issue that could lead to Ireland leaving the EU (http://www.irishnews.com/news/2016/06/28/news/fine-gael-mep-brian-hayes-warns-of-irexit-if-eu-clamps-down-on-the-republic-s-corporation-tax-regime-581513/ and while not expressed in such strong terms, the government's opposition to initiatives like public Country by Country reporting and a public Register of Beneficial ownership places them firmly against the growing consensus across Europe to promote transparency around tax issues.