

Opening Statement to the Oireachtas Joint Committee on Public Petitions and the Ombudsmen.

Meeting to discuss Petition No: P00009-23 “Reform Irish Mental Health Services.”

Chairperson and members of the Joint Committee,

On behalf of the signatories of my petition, I would like to thank you for the opportunity today to address the Joint Committee on Public Petitions and the Ombudsmen. I am Eoin O’Sullivan, owner and Clinical Director of Peace Inside, a Counselling and Psychotherapy Centre in Galway. I am an accredited member of the Irish Association of Humanistic and Integrative Psychotherapy and registrant with the Irish Council for Psychotherapy.

The responsible, ethical and just decision has been taken by the Department of Finance to remove significant cost barriers to essential mental health services. As stated in the Dáil 6th November 2018, it has been decided that counselling and psychotherapy services will be VAT exempt. It is also clearly published on the Revenue website that payments for treatments by a psychologist or psychotherapist are qualifying expenses for tax relief. There is no argument that these measures are not in the best interests of the public and in fact the decisions have already been taken to provide these reliefs. The Government has, unfortunately, chosen to link the enactment of these supports to an event, as confirmed to you by the Department of Health, for which there is no projected timeline for its completion.

What this petition asks is simply that the measures, already approved, be validated immediately so that the public may benefit from them at a time when the public health system cannot meet the demand for services. There seems no justifiable obstruction, legal or otherwise, to implementing these reliefs.

Although, to my knowledge, the Department of Finance chose not to reply to your request for a response to information presented in this petition their position has been clearly stated previously. Their refrain goes... *the Vat rating of good and services is subject to the requirements of EU VAT law with which Irish VAT law must comply.* While this is true it avoids that provisions are made within E.U. law for individual member states to provide exemptions for VAT for certain activities in the public interest. Such activities include the provision of medical and paramedical professions as defined by the member state concerned. See *Chapter 2 of Title IX of Council Directive 2006/112/EC.*

In the determination by the Tax Appeals Commissioner, 32TACD2022, previously submitted by me to the Committee, precedent is set that psychotherapy and counselling services amount to medical care (Section 6, para 48, page 28.) and can be recognised as professional services if provided by someone who has undergone specialist training or education in relation to the provision of those services. (Section 6, para 49, page 29.). There is no need for regulation of the professions in order for a VAT exemption to be in compliance with E.U. tax law. It is sufficient that those services can be recognised as medical / paramedical professions and provided by professionals if those persons have undergone specialist training in relation to those services.

In fact, despite protestations that the current position in relation to the imposition of VAT is to ensure the State's compliance with E.U. tax law, this position is contrary to a core principle of fiscal neutrality. *Recital (7) of the Council Directive 2006/112/EC states that:- 10 The common system of VAT should..... result in neutrality in competition, such that within the territory of each Member State similar goods and services bear the same tax burden.*

In Ireland at present, psychology services are VAT exempt. Treatment services provided by psychologists, psychotherapists and counsellors are similar services. In order for Ireland's current VAT position to be in-line with EU VAT law then all such services must be made VAT exempt.

As regards the eligibility of fees related to psychotherapy, psychological or counselling services for tax relief, there also seems to be no prohibitive barrier. EU member states have the authority to set their own income tax levels, and the autonomy to determine their own tax brackets and rules for income tax. This means that EU member states can establish their own income tax rates and modify them as they see fit, within the boundaries of their national legislation and any applicable EU directives. EU member states also can provide tax incentives such as rebates which may be granted for specific expenses. There seems little restriction to Irish legislation that would allow for psychology, counselling, or psychotherapy expenses to be an eligible expense without the condition of registration to a psychology, counselling or psychotherapy board that will not open in the foreseeable future. We again return to the concept of medical / paramedical services provided by individuals specifically trained to provide such services as being sufficient to allow for the provision of these reliefs.

In relation to Coru and the opening of the registers for counsellors and psychotherapists I note that Coru has entered a period of public consultation which is due to end in December 2023. Subsequent to this Coru will reflect on the information received from the consultation process and make any amendments necessary to their proposals. There follows an undefined period of adaptation of training colleges and institutions before the opening of the registers is possible. We are still awaiting a timeframe for the opening of the registers. The decision has been taken by Government to provide tax relief for the provision of essential mental health services. That they have also decided to delay these reliefs indefinitely until the opening of relevant registration boards is unjustifiable, unnecessary and is in effect causing harm to the mental health of a significant proportion of the population of the state.

I have submitted with this opening statement a letter of support from the Irish Council of Psychotherapy, I.C.P. I would also like to mention the pre-budget submission of the Irish Association for Counselling and Psychotherapy, I.A.C.P. in which they call for a VAT exemption for counselling and psychotherapy services and an extension of tax relief to include counselling and psychotherapy. I am aware that the C.E.O. of I.A.C.P. Lisa Molloy has been a dedicated campaigner for these issues for a number of years.

Thank you again for your time, I am happy to take any questions in relation to this opening statement.

Representing the Signatories of the petition "Reform Irish Mental Health" at the Oireachtas Joint Committee on Public Petitions and the Ombudsmen meeting to discuss said petition is Mr. Eoin O'Sullivan, Clinical Director, Peace Inside, Galway.

Meeting Thursday 28 September 2023, 1:30pm in Committee Room 4, LH2000, Leinster House.