Tax Justice Alternatives
Some Options for Budget 2014

Claiming Our Future, Croke Park, Dublin
13th July 2013

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Outline
1. Where we are - economically
2. NERI on Budget 2014
3. Focusing on Taxation
4. Policy Options
1. Where we are - economically

- Hamster-omics
- Running hard with little to show for it
- Stagnation since 2009 = an achievement
- Emigration to the rescue of our unemployment problem
- Paying a high price for EU indecision and international uncertainty
- Is the internal adjustment done? (mostly)

2. NERI on Budget 2014

- An approach outlined in our recent economic commentary
- Simply:
  - €3.1bn should become €2.1bn via use of Promissory note expenditure savings in 2014 & 2015
  - Stimulate growth via an Investment stimulus (€1.5bn + €3bn)
  - Shift adjustment emphasis to ↑ Tax
Table 4.6 An alternative fiscal consolidation effort in 2014-2015 € billion combined with a €4.5 bn investment stimulus

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>0.35</td>
<td>0.30</td>
</tr>
<tr>
<td>Capital</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>0.35</td>
<td>0.30</td>
</tr>
<tr>
<td>Total Revenue*</td>
<td>1.65</td>
<td>0.70</td>
</tr>
<tr>
<td>Overall Total</td>
<td>2.00</td>
<td>1.00</td>
</tr>
<tr>
<td>NERI projected Govt. deficit</td>
<td>-4.0</td>
<td>-3.0</td>
</tr>
</tbody>
</table>

Notes: * including revenue carry-over effects.
3. Focusing on Taxation

Table 4.5  Proposed additional tax measure in Budgets 2014 and 2015 (€ billion)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue ‘carry-over’ from previous year’s budget</td>
<td>600</td>
<td>100</td>
</tr>
<tr>
<td>Changes to income tax reliefs (e.g. pensions)</td>
<td>400</td>
<td>200</td>
</tr>
<tr>
<td>Wealth tax</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Employer Pay-related Social Insurance</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Corporation Tax</td>
<td>250</td>
<td>100</td>
</tr>
<tr>
<td>Capital Gains Tax</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td>Capital Acquisition Tax</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>1,650</strong></td>
<td><strong>700</strong></td>
</tr>
</tbody>
</table>

NERI research papers to come

- **M Collins:**
  - Higher earners and tax credits (Monday)
  - Pension tax reliefs and their distribution
  - Income Tax and Income Tax Options: a context for Budget 2014
  - Estimating Household Tax Contributions

- **Tom McDonnell:**
  - Wealth Tax
  - + others
4. Policy Options

• ‘Just in Case’ economics versus
• Growth and recovery economics

• Surely the latter given where we are economically

• The numbers add-up; so why not?

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Research for new economic policies