

NERI & Taxation Research

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Research for new economic policies



Research for new economic policies

- 1. NERI: an update**
- 2. Tax Related Research**
- 3. Broadening the Tax Base**
- 4. AGTSW**
- 5. Conclusion**





1. NERI: an update

- **NERI – Nevin Economic Research Institute**
- **Formal launch on March 27th**
 - Up and running since September 1st 2011 as ERU
 - 4 researchers
 - All Island remit: Dublin and Belfast
 - A think-tank which aims:

through the provision of world-class research and analysis, to contribute towards the construction of alternative perspectives and possibilities that will lead to the creation of an economy that works for society

- ○ Longer-term focus, strategic thinking and research...

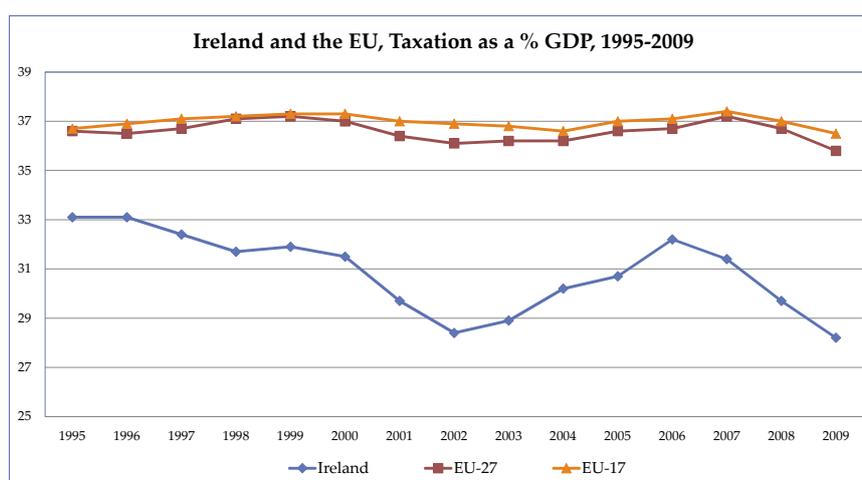


- **Work programme:**
 - Recurring commentary on the economy: *Quarterly Economic Observer (QEO)*
 - Macro-model of the economy
 - Micro-model of the income distribution
 - Economics Facts series
 - General Research Series
 - Working Paper series
 - Research Seminar Series
 - Occasional round tables
- Still in the set-up phase...

2. Tax Related Research

- **Taxation issues likely to feature in a number of ways in the NERI research programme:**

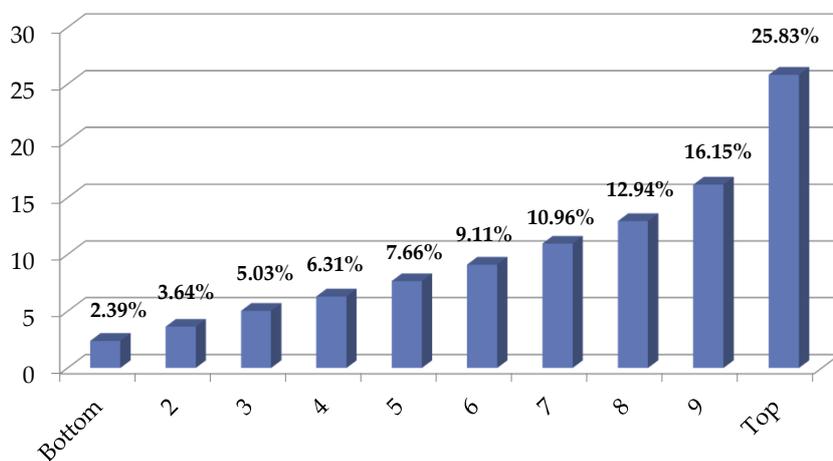
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 - The overall level of taxation in the economy
 - Linked to this, the overall level of government revenue and expenditure



- **Taxation issues likely to feature in a number of ways in the NERI research programme:**
- **At a macro level:**
 - The overall level of taxation in the economy
 - Linked to this, the overall level of government revenue and expenditure
 - Impact of changes to particular taxes on the macroeconomy:
e.g. corporation taxation rates and structures

- **At a micro level:**
 - Design and impact of particular types of taxation policies
 - Will be using the income distribution model for this
 - The model:
 - Based on CSO SILC data
 - Latest year = 2010
 - Over 5,000 households and about 12,000 individuals
 - Representative sample of the population (weight variable)
 - Detailed income data, high % reconciled with Revenue via PPS
 - Details by individual and the cumulatively by household
 - Earnings (all types), welfare, taxation levels...

Ireland's Household Income Distribution by Decile, 2009



Source: Calculated from CSO SILC (2010:24-25)

Table 1: Nominal Household Disposable Income, by decile in 2009

	Weekly disposable income	Annual disposable income	Annual gross income
Bottom	€210.45	€10,973	€11,034
2nd	€320.37	€16,705	€16,966
3rd	€443.07	€23,103	€23,683
4th	€555.88	€28,985	€30,375
5th	€675.19	€35,206	€38,098
6th	€802.53	€41,846	€47,577
7th	€965.83	€50,361	€59,092
8th	€1,140.49	€59,468	€73,550
9th	€1,422.84	€74,191	€96,773
Top	€2,276.00	€118,677	€168,026

Source: Social Justice Ireland, *Socio-Economic Review* (2011:69) and CSO SILC 2009 (2010:24-25)

- Data will allow NERI to simulate impact of taxation, welfare, earnings and income changes across the income distribution
- Hope to develop something similar for Northern Ireland in time
- Others (MC projects):
 - Inflation adjusted effective-taxation rates
 - Modelling the completion of the USC

3. Broadening the Tax Base

- **Linked to the above**
 - **Site Value Taxation**
 - Working paper (Collins and Larragy, 2011)
 - Modelled based on LA boundaries and the availability of public services:

Table 4.1 Proposed Annual SVT rates per Square Meter

Spatial Category	Rate per m ²	Area
Urban - Dublin	€0.85	Dublin City Councils
Urban - Non-Dublin	€0.75	Non-Dublin City Councils
Urban - Large	€0.65	Large Town Councils (>10,000 pop.)
Urban - Small	€0.55	Small Town Councils (<10,000 pop.)
Rural	€100 flat charge	Rural County Councils

- **Structural Reform of Tax Breaks**
 - Commission on Taxation experience
 - Proposed a structure for the introduction and monitoring of tax breaks
 - Developed by Collins and Walsh (2010 and 2011)
 - Lacking, even in recent Finance Bill

- **Wealth Taxes**
 - Research on the possibility and nature of such a tax
 - What to count, how to count it, revenue potential...
 - CSO wealth survey proposed...

4. AGTSW

- **Advisory Group on Tax and Social Welfare**
 - Appointed to the group in April/May 2011
 - Looking at the interaction between the tax and social welfare system
 - Agenda:
 - Child benefit payments and their reform
 - Self employment and PRSI payment and entitlements
 - Interface between work, welfare and taxation
 - Series of reports due
 - Revenue involved
 - Interesting linking of PPS nos for OAP and CB
 - COT and others...need for integrated tax and SW system




COMMISSION ON TAXATION
AN COIMISIÚN UM CHÁNACHAS

We understand 'integration' to mean closer technical and policy integration between the Revenue Commissioners and the Department of Social and Family Affairs and greater exchange of information between the two organisations with any barriers to this, including legal ones, being systematically addressed and, where possible, removed.

We strongly support integration of the tax and welfare systems in these terms and we endorse the further development of the administrative co-operation that exists between the two organisations which is underpinned by various memoranda of understanding. Such co-operation is essential so that Government can effectively plan and implement economic and social policy interventions.

Recommendation 5.21
There should be further integration of the tax and social welfare systems.



5. Conclusion

- NERI: early days
- Taxation in many ways will be an important element of our research programme
- Open to suggestions and welcome contact etc

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DR MICHEÁL COLLINS

Dr Micheál Collins is Senior Research Officer at the Nevin Economic Research Institute (NERI). His research interests are in the areas of income distribution, taxation, economic evaluation and public policy.

Prior to joining NERI he was Assistant Professor of Economics at Trinity College Dublin. He is vice-chairman of the Irish Social Policy Association (ISPA) and a former chairman of the Regional Studies Association (RSA) of Ireland. He was a member of the Commission on Taxation (2008-2009) and served as chairman of the Commission subgroup on Tax Expenditures/Tax Breaks. In 2011 he was appointed a member of the Government Advisory Group on Tax and Social Welfare (AGTSW).

Dr Collins is a native of Ennis in Co. Clare and a graduate of NUI Galway, UCC and the University of Dublin, Trinity College. He is a fellow of the Regional Studies Association (FRSA).