

Your Vision, Our Future

Public Consultation of the Commission on Taxation and Welfare

Citizens Information Board Response to Questionnaire – January 2022

Chapter 1 - General Questions

1 What elements of the taxation and welfare systems do you feel are working well?

Please elaborate below:

The Citizens Information Board (CIB), funded by the Department of Social Protection (DSP), is the national agency responsible for supporting the provision of information, advice, including money advice, and advocacy on social and public services through our website and through our delivery services (1). In so doing, we complement the role of the DSP as well as other public sector agencies by enabling people to navigate the welfare and taxation systems and access the benefits and services to which they are entitled and to assert their rights as citizens. Citizens Information Services (CISs), also play an active role acting as intermediaries for citizens in their engagement with public services and can support ‘assisted digital’ services – helping users to access online services where they experience obstacles in doing this directly.

CIB, because of the ongoing and regular feedback from delivery services, is in a unique position to provide evidence-based information on issues encountered by citizens relating to income supports, social protection, access to housing and health services, employment rights enforcement, indebtedness and poverty traps.

Citizen Information Services (CISs) Query Data: A breakdown of social welfare-related queries shows that people have information, advice and advocacy needs relating to income maintenance and related supports right across the life-cycle. A significant number of callers to CISs (2) are from low income working households, or dependent on social welfare, with an average of 44% of all queries relating to social welfare over the past few years. The data shows that callers to CISs encounter challenges when trying to access income supports and services when they need them, despite the contributions made, and in some instances, that these challenges have persisted over many years.

Ireland has a relatively progressive taxation and redistribution system. Households in the lowest 20 per cent of income benefitted the most from changes in tax and welfare policy over a 25 year period and income inequality has remained fairly stable compared to other developed countries, where it has grown (3). While the social protection system has worked in terms of reducing poverty and inequality, the lack of investment in public services is keeping people on low incomes, and impeding their participation in the labour market. It has been observed that our system has historically developed cash benefits more than services, and the impact of this is a combination of a relatively comprehensive cash benefit

regime combined with weak and fragmented services for social integration, occupational health, vocational rehabilitation and training (4).

In relation to issues highlighted by Citizens Information Services, CIB has welcomed the following changes and reforms to the social welfare and tax systems in recent years:

- Change to the Illness Benefit scheme waiting period, with a reduction from 6 days to 3 days for new claims in 2021.
- Improved supports for the self-employed in terms of accessing a replacement income in times of unemployment, illness, and disability, e.g. eligibility for Jobseekers payments, for the Enhanced Illness Benefit, recognised as a positive measure introduced during the pandemic in response to need. CIB also recommended introducing an option for the self-employed to increase PRSI contributions to enable access to a full range of entitlements.
- Reform of sick pay scheme
- Increases in Carer's supports, e.g. the Carers Support Grant, the Dependent Relative Tax Credit
- CIB has highlighted in previous submissions the importance of the Increase for a Qualified Child in fulfilling the policy objectives of providing targeted assistance to no-or low-income households with children in order to reduce poverty in those households in a way which minimises labour market disincentives or positively contributes to labour market incentives (5).
- Introduction of supports for parents, e.g. Paternity Leave/Paternity Benefit; Parent's Benefit
- E-Working and tax relief

Footnotes:

1. The CIB delivery services are Citizens Information Services (CISs), the Citizens Information Phone Service (CIPS), Money Advice and Budgeting Services

(MABS), the National Advocacy Service (NAS) for people with disabilities and the Sign Language Interpreting Service (SLIS).

2. CISs and the Citizens Information Phone Service deal with over half a million callers a year and over 800,000 queries on all aspects of rights and entitlements.

3. Johnston, H., McGauran, A.M., 2021, 'Social Insurance and the Welfare System: Towards a Sustainable Developmental Welfare State', NESC Background Paper 151/1.

4. OECD (2015), *Breaking the Barriers*, 2 vols, Paris: OECD Publishing, referenced in NESC (2020) *Future of Social Welfare*

5. for example, Advisory Group on Tax and Social Welfare First Report: Child and Family Income Support 27 March 2012).

2. What elements of the taxation and welfare systems do you feel are not working well?

Please elaborate below:

CISs record indicative cases as social policy issues related to access/administrative barriers, as well as policy anomalies, and gaps/inconsistencies in provision. In terms of access/administrative barriers, a significant proportion of these relate to problems accessing tax and social welfare services online, either through problems with digital literacy, or affordability and lack of access to internet or devices. There are particular barriers for people who are older, and people with language difficulties. For example, many older people experience challenges trying to access Revenue online services, to claim medical expenses relief. This impacts older people's access to services for example where tax forms are needed to apply for a grant.

In terms of policy issues, recent tax and welfare issues highlighted by services are detailed below and relate to co-habiting couples, and qualified adults.

Co-habiting Couples: The Commission on Tax and Social Welfare should review and make recommendations to address the anomalous position between the tax and social welfare treatment of non-marital cohabiting couples. The current situation results in non-recognition of family status, and the changing family formation patterns that are occurring in recent years.

CIB has previously highlighted the difficulties caused due to the disparity between the tax and welfare treatment of cohabiting couples, who are jointly assessed for social welfare purposes but as separate, unconnected individuals in the context of income tax assessment. Citizen Information Services (CISs) have received many calls from clients who felt that the current situation for cohabiting couples with differing treatment in tax and welfare codes was unfair and anomalous.

A married or civil partner caring for one or more dependent persons (who are not the spouse or partner) can claim the Home Carer Tax Credit, but this is not available to non-marital couples.

Separation or divorce further complicates tax assessment. How a couple is taxed after separation depends on how they were taxed as a couple before separation. The payment of maintenance has implications for tax treatment and decisions on how a couple will be taxed after separation. For some, it is more beneficial to remain taxed as a married couple after separation than as single people. Voluntary maintenance payments are ignored for tax purposes and legally enforceable maintenance payments are ignored if they are for the benefit of a child (Maintenance for the benefit of a separated spouse is taxable).

CISs also continue to report on the limitations of the Single Person Child Carer tax credit. In some instances where there is shared parenting, the secondary carer is unable to receive the credit when the main carer is cohabiting or chooses not to relinquish the credit to them (even though they may be making a significant financial contribution to the upkeep of the child).

Non-marital couples can be treated in different ways by the welfare and tax systems. For welfare purposes they might be treated jointly, for example in assessing means for Carer's Allowance, while the tax system treats them separately. Although treated usually as a family unit for social welfare purposes, where a partner in a cohabiting couple/unmarried parent dies, the surviving partner is ineligible for Widow's/Widower's or Surviving Civil Partners

(Non-Contributory) Pension or Grant even where both have sufficient PRSI contributions, and where they may have been cohabiting for many years. Their family status is not being recognised in this situation. Cohabiting is also not an option on Death Notification forms.

Qualified Adults: Social welfare recipients are given an Employee Tax Credit in addition to normal tax credits. If social welfare is the only source of income, most people will not pay tax because their liability is less than their tax credits. The Employee Tax Credit is given to the person claiming the social welfare payment and not to the adult dependent, even if the payment is made directly to the dependent. This reflects an historical male breadwinner perspective in the social welfare code. It can create financial vulnerabilities when couples separate or in situations of domestic violence.

Separating married couples are disadvantaged relative to cohabitants and lone parents when claiming One Parent Family Payment (OFP). A married person claiming OFP must be separated for at least three months before qualifying, whilst a cohabiting couple separating can apply immediately, as can a lone parent.

3. Good quality public services, welfare provision and infrastructure are financed mainly from taxation and PRSI. What are the features that you think our taxation and welfare systems should have in order to meet these needs?

Please specify:

The Covid-19 pandemic has brought to the fore the vital role the State plays in providing basic services for its citizens and the importance of a strong welfare state for everyone in society. It has also demonstrated the need for the interoperability of all aspects of public sector services in responding to such a crisis. The pandemic spotlighted the need for investment in public childcare, housing, education, transition to work, and healthcare, as well as the need to make sure that the correct mechanisms are put in place to mitigate adverse economic shocks. This will require vigilance around social welfare payments and poverty proofing safeguards. There will be challenges too, even in the aftermath of the pandemic - potential lingering health and economic impacts.

NESC (2021) have pointed out the impact of Covid-19 in terms of the increased demand for public services as a result of the economic crisis, while at the same time public expenditure on service provision, in terms of budgets, staffing and programmes, was reduced. The effects of the pandemic also were seen on community and voluntary services provision, with increased demand putting organisations and services under pressure.

4. In your view, what main reforms are necessary so that the Irish taxation and welfare systems can embrace the opportunities and meet the challenges that Ireland may face over the next 10-15 years?

Please outline your views:

CIB in its Pre-Budget Submission, 2022 recommends that the Commission on Tax and Social Welfare should consider reform of the benefit and tax systems to align more with changing family/work patterns as well as considerations for individualising the tax and benefit system, particularly relevant for family payments and qualified adults. This will contribute to alleviating child poverty, support gender equality, and move towards increasing participation in the labour market (7).

Complexity of Social Welfare System: The social welfare system has developed in a piece meal way and is increasingly complex. The interactions between payments and different means tests can create poverty traps. CIB believes that the structure of social welfare payments and the relationship to each other should be reviewed.

Different means tests and income disregards apply to different payments which can be confusing and frustrating for citizens and difficult to compare payments. At a minimum, income thresholds should reflect increases in social welfare entitlements. If allowable working hours increase, there should be a corresponding increase in income disregards. In addition, allowable working hours may need to be reduced for certain groups, such as lone parents, to facilitate access to and retention of part-time work. In summary, there is a need to streamline means tests and income disregards and ensure they reflect social welfare increases. Specifically, there is a need to develop a single, streamlined means test for all DSP-administered schemes, to allow for a single point of access for applicants – this should be an integral part of the on-line delivery of services (8).

Income adequacy: Notwithstanding increases in payment rates, social welfare payments remain inadequate to meet basic needs and support participation in society for certain households, such as lone parents, people with a disability, and carers. Social welfare payments should be benchmarked against the Minimum Essential Standard of Living in the review. CIB notes that some EU countries index social welfare payments in line with inflation. Ireland does not do this. The practice of social welfare rates of payment being determined on an annual basis as part of the budgetary process has been criticised as there is no explicit linkage between welfare rates and earnings, which can ultimately impact upon work incentives and poverty alleviation.

Changes to social welfare and tax are made in each annual Budget but if social welfare payments are not keeping pace with inflation then purchasing power of recipients' falls and poverty and inequality rise (9). CIB considers that income support priorities should continue to be focused on maximising employability – this will present additional challenges in the context of both Covid-19 and Brexit (CIB, 2020).

Footnotes:

7. NESF (2020) The Future of the Irish Social Welfare System: Participation and Protection. No. 151 November 2020

8. CIB (2020) Development of Department of Social Protection Statement of Strategy 2020-2023 Submission by the Citizens Information Board (October 2020)
<https://www.citizensinformationboard.ie/en/publications/submissions/submissions2020.html>

9. The ESRI calculated the cost of tax-benefit indexation to be between €460 million and €1.2 billion
<https://www.esri.ie/news/adjusting-the-tax-benefit-system>.

Chapter 2 - Fiscal Sustainability

1 What reforms to the taxation and welfare systems should be considered to ensure the system is sustainable and resilient and that there are sufficient resources available to meet the costs of public services in the medium and longer term?

Please specify taxation reforms you consider important:

Public finances will face significant challenges in the medium to long term, with costs associated with demographic changes, leading to increased pension and health costs; as well as those related to climate and digital transitions. Various organisations (11) have proposed different options to improve financial sustainability. CIB's approach to fiscal sustainability is underpinned by equality, and human rights considerations, and options that protect the groups in society most distant from the labour market, and most impacted by poverty and deprivation. Investments in childcare, social welfare measures, and affordable housing are essential in reducing poverty and inequality.

Pension Sustainability: It should be borne in mind that pension costs will increase whether or not we adjust current State Pension arrangements, because there will be more pensioners who will be getting pensions for longer. In addition, ensuring that more people can access the State Pension Contributory (SPC) – people in precarious and contract employment, lone parents, people with disabilities and carers – will evidently increase the cost of pension provision. The sustainability of the State Pension Contributory should be assessed across all of the aspects of state pension supports and not just those funded from the Social Insurance Fund. For instance, such an assessment should take account of the large annual amounts of tax relief allocated to the accumulation and drawdown of private pension savings and the cost of ancillary benefits/supports available on a non-means tested basis to pensioners (e.g. free travel, household benefits). In this regard, account needs to be taken of the fact that the benefits of pension tax relief accrue predominately to higher rate tax payers and the benefits of non-means tested ancillary supports accrue to all pensioners irrespective of means (12).

In considering the sustainability of the pension system in the longer-term the cost to the Exchequer of subsidies for the private pension system needs to be made transparent – it was estimated in 2007 that it cost almost as much as the cost of direct expenditure on social insurance pensions (13). While this figure will certainly have reduced because of changes to

the rates of tax exemption, it would be beneficial to analyse trends in more recent years. CIB believes that the most effective way of meeting the challenge of increasing pension benefits and containing pension costs as the population ages would be to rely on the existing mandatory public system rather than increasing pension tax reliefs or underpinning a mandatory private system.

People who continue to work after State Pension Age should continue to pay PRSI contributions (perhaps, at a reduced rate) in order to continue to contribute to the social insurance fund from which they are now benefiting. It is relevant to note that currently there is no retirement condition in respect of the SPC (that is, it is possible for someone to work and to get the SPC, but they no longer make PRSI contributions).

Even assuming that workers retire later in future, the increasing tendency to stay longer in full-time education and therefore enter employment later, coupled with the continuing necessity or preference to take time out of the workforce to fulfil caring responsibilities or return to education means that accumulating 40 years of PRSI contributions in order to qualify for a full pension is likely to prove a significant challenge for many who are dependent on short-term, temporary or precarious work. This is a matter that needs to be kept under review.

Increasing the rate of PRSI paid by current taxpayers: Current rates of employee, employer and particularly self-employment PRSI contributions are low relative to other EU and OECD countries. Increasing PRSI contributions would increase the sustainability of the state pensions. However, caution is required here. For example, MABS has regularly raised concerns about the capacity of people on persistently low incomes to pay increased PRSI contributions in a sustainable manner. In that regard, some consideration might be given to a lower incremental scale of contributions or a longer timeframe for low income workers to reach higher level of contributions to address affordability issues.

Reducing false self-employment: CIB's report *Employment Rights for All*, highlighted that developments in technology and the platform (web based) and gig economies have contributed to the growth in atypical employment (14), including instances of false self-employment. False self-employment allows employers to avoid adherence to employment rights, the payment of higher income, and social insurance contributions, and therefore, reducing its occurrence will help with ensuring that all applicable PRSI contributions are paid. In this regard, the NESC report notes that there has been no increase in the proportion of Class S PRSI contributors in the last ten years. This ultimately impacts on people working in these types of roles resulting in less access to social insurance benefits as well as a loss for the Social Insurance Fund.

In order to provide for an adequate level of public services, and to provide for redistribution at levels comparable to other EU countries, CIB concurs with other analysts who have recommended the need for increased capital and property taxes, and the development of policies that allow for taxation on wealth to be increased. It has been suggested that to raise substantial revenue, it is necessary to increase, even at a small level, the main rates of income tax, the USC, PRSI, VAT and the LPT as these taxes affect all households (15). Other

areas of revenue generation proposed are restricting some of the reliefs and exemptions that apply to existing taxes in particular, Capital Gains Tax, and Capital Acquisitions Tax, which would contribute to increasing revenue and also fairness in the tax system (16).

Multiple Rates of Tax: CIB concurs with NESC's proposals for a review relating to the introduction of multiple rates of taxation across the income distribution. They argue that the two-rate system of income tax, with the higher rate applicable at around average earnings (for single taxpayers) is not progressive.

Other Options

Pension Age: Legislative changes to address gaps between retirement age (the age at which a person retires or is required to retire from their work) and State Pension Age (the age at which the SPC and SPNC become available) should be introduced (17). There should be a statutory right to remain working until pension age. Increasing the State Pension age without also addressing contractual retirement ages will maintain these gaps. CIB believes that the State Pension age should be increased incrementally over a period of 10 years. This is necessary and logical as a result of increased life expectancy, improved health outcomes for people in later years, the willingness of many people to continue working and, very importantly, the contribution that older workers can make to the workplace and to society.

Footnotes

11. NESC, ESRI, Social Justice Ireland, Neven Economic Research Institute and others.
12. Sustainable State Pensions into the future Citizens Information Board Submission to the Pensions Commission
https://www.citizensinformationboard.ie/downloads/social_policy/submissions2021/response-pensions-commission.pdf
13. Connell, Peter, Hughes, Gerard, McCashin, Anthony & Stewart, Jim (2008), Response of the TASC/Trinity College Dublin Pension Policy Research Group to the Green paper on Pensions.
14. OECD, 2015, Adapting to the changing face of work: Policies to make the most of part-time and temporary work, OECD: Paris.
15. Kakoulidou, T. & Roantree, B. (2021) Options for Raising Tax Revenue in Ireland. Budget Perspectives 2022. Paper 1 May 2022. ESRI
16. Kakoulidou, T. & Roantree, B. (2021) Options for Raising Tax Revenue in Ireland. Budget Perspectives 2022. Paper 1 May 2022. ESRI
17. CIB acknowledges the Benefit for 65 year olds.

Please specify welfare reforms you consider important:

2 Rate each issue below in terms of strategic importance to the taxation and welfare system over the next 10-15 years (1 being least important and 5 being most important):

importance options - Achieving good public health outcomes for our people:

importance options - Addressing the climate crisis:

5

importance options - Adequate social transfers and benefits:

5

importance options - Growing employment:

5

importance options - Sustainability of public finances:

4

importance options - Sustained economic growth:

4

3. Given approaching demographic pressures and future uncertainties, future funding of public services is a critical issue. In order to meet these challenges, what is the appropriate balance between the taxation of a) earned income, b) consumption e.g. VAT and c) wealth e.g. capital acquisitions tax?

Please outline your views:

The need for higher taxes in the future has broadly been recognised, due to demographics increasing the costs of providing existing services. The Irish Fiscal Advisory Council published a report (a long term fiscal sustainability report) that shows the healthcare and pensions spending are forecast to rise from 13.3% of GNI* to 25% of GNI* by 2050. In addition, the need for future tax increases arises from the commitments in the Programme for Government to increased spending relating to healthcare and social welfare, combined with the over reliance on corporation tax and reducing motor tax revenues.

The first principle to point out here is the critical importance of ensuring that any changes in taxation do not negatively affect those on lower incomes.

Decisions about the appropriate balance between different sources of taxation need to be underpinned by principles of fairness, values, and redistribution goals, and provision for those who are less well off in society. Secondly, the appropriate balance needs to be linked to achieving the State's long-term socio-economic policy goals, and specific priorities within these, including the right of access of all people to adequate income, housing, education and health services. A third principle to highlight is that of equality, in addition to income, as forming the basis for policy decision-making taking into account issues such as the differential impact of the pandemic, on the cohorts experiencing particular disadvantages.

The analysis in a recent paper (18) identifies the revenue yield of different tax increases, one of the highest coming from increasing the zero rate of VAT to the standard VAT rate, yielding €2.2bn, and increasing the reduced rate of VAT to the standard VAT rate, yielding

€2.4bn. Increases in VAT have been considered to be less progressive as VAT accounts for a higher proportion of income in lower income households.

The ESRI paper argues that the most straightforward way of raising substantial tax revenue is through increasing the main rates of income tax, the USC, PRSI, VAT and the LPT, with even small increases generating good income as they affect all households. Distributional objectives can also be factored in with this approach with increases to higher rates of income tax and the USC being the most progressive, and increases to the main and reduced rates of VAT being the least progressive. In relation to wealth tax, it suggests that more substantial revenue could be raised if higher rates were accompanied by restrictions to some of the reliefs and exemptions that apply to existing taxes – to CGT and CAT in particular, which would raise significant sums of tax revenue, and provide a fairer tax system. CIB also concurs with the NESC view that tax expenditures with a social purpose (such as pension and health insurance tax relief) should be capped as they are regressive, and benefit the wealthy in society to a greater extent (19).

Footnotes

18. Kakoulidou, T. & Roantree, B. (2021) Options for Raising Tax Revenue in Ireland. Budget Perspectives 2022. Paper 1. May 2021.

19. NESC (2020) The Future of the Irish Social Welfare System: Participation and Protection. No. 151 November 2020

Chapter 3 - Promoting Employment

1. What reforms to the taxation and welfare system should be considered to ensure that taxation and welfare work in tandem to support economic activity and promote employment while also supporting those most vulnerable in an equitable way?

Please outline what reforms should be considered:

Covid-19 has demonstrated that those who were already in vulnerable work situations are the ones most likely to experience uncertainties and negative consequences from the pandemic. This is compounded for those with parenting and caring responsibilities, who are predominantly women. The pandemic has also placed a spotlight on employment issues relating to hours of work, low wages, precarious employment, including, for example, workers with inadequate hours having to take on two or three jobs; and workers with poor conditions of employment in general (e.g. sick pay, insecure contracts, pensions).

CIB services regularly report receiving calls from individuals and families who have either lost their jobs or are in low paid jobs who are extremely worried about meeting the costs of daily living, e.g. rent and utility bills. In addition, atypical working arrangements may not act as stepping stones to better quality and better paid employment and can thus contribute to inequality and poverty, especially for young people and women (20). Young people can be particularly impacted as they receive a lower minimum wage than adults aged over 20 years

and above. Many young people contacting CISs experience 'welfare to work' traps and difficulties meeting living costs, especially if they live independently from their parents.

Income support priorities should continue to be focused on maximising employability – this will present additional challenges in the context of Covid-19 (21). The emerging unemployment dynamics post-Covid-19 requires further tailoring of active labour market policies toward the needs of those most distant from the labour market.

Spending on Local Employment Services is set to drop significantly from €25.8m in 2021 to €9.91m in 2022 (22). This will have a greater impact on those most distant from the labour market, including lone parents, people with disabilities, qualified adults, and those involved in caring.

Another issue is changing work patterns and the increased mobility of workers, which will mean that income tax rates and Irish competitiveness in the area will increasingly come into focus. Developments in technology and the platform and gig economies have contributed to the growth in atypical employment (23) including instances of false self-employment, and it is anticipated that people will face more frequent job changes and increased risk of job obsolescence in the coming decade (24) that will impact not only on their employment rights, but also on their interaction with social welfare and tax systems. At the same time, new types of work are developing through digitalisation for example, which need to be taxed in the same way as existing sources of income (25).

A key issue is how to make the social welfare system more responsive to casual and atypical working and to facilitate people to take up part-time or temporary employment opportunities as they arise and to help to ease moves from welfare to work. Evidence from our service delivery companies suggests that the current criteria of measuring days rather than hours in paid employment for social welfare purposes lacks sufficient flexibility to allow people to combine welfare with work in their efforts make an adequate living. The incentive to take up part-time employment therefore is impacted by this rule, the requirement to be unemployed for 4 out of 7 days (three day rule). The impact of this 'three day rule' affected low wage workers including those who were working two to three jobs and who often did not get the hours they needed to make ends meet (26). This rule also affected mothers who wanted to work flexible hours due to childrearing commitments. CIB has recommended in previous Pre-Budget Submissions changing eligibility for jobseeker's payments to criteria based on hours rather than the number of days worked, to better reflect part-time and casual work patterns.

Introducing greater flexibility in the rule of being available for full-time work and genuinely seeking work would assist in recognising that women and others often require work that is atypical, including part-time work. NESC have proposed that seeking work of 19 hours per week would be sufficient (27).

The availability of any in-work supports, programmes and schemes also needs to be promoted more proactively amongst jobseekers through the increased use of multiple channels (including through digital media) and targeted engagement with community-based support organisations (28).

Other issues acting as disincentives to employment identified by CIB funded service delivery companies which need addressing include insufficient priority on Qualified Adults' access to employment supports and activation measures on a voluntary basis; the need to modify the Short-Time Work support where post-Covid-19 return to work is on a partial / phased basis; the need to increase alignment of existing social welfare rates with the Covid-19 PUP rates, with emphasis on cushioning the impact of loss of income in the early stages of unemployment, which has implications in terms of current social insurance rates; and in-work costs including childcare and transport including the availability of transport in rural areas (29).

An Increase for a Qualified Adult (IQA) is paid to the primary welfare recipient in a household. This means that the adult dependant does not have an entitlement to social welfare in their own right and they are excluded from many schemes and supports. In the case of a woman, the payment is made to her partner, not to her, and she therefore has no independent income. This is particularly problematic if the woman is in a controlling relationship. It can mean that she has no independent social welfare record. It also means she is not entitled to all Intreo activation and training services (30). The impact of the limitation rule on qualified adults in terms of preserving the male breadwinner model, as well as having disincentive effects on family formation has also been recognised (31). The government recognises this issue and the dependency culture it promotes, as well as the challenges it can create for low work intensity households. The Social Inclusion Roadmap 2020 – 2025 commits to examining the feasibility of individualising welfare payments through the provision of a direct payment to the second 'dependent' adult in a household, with a view to reducing co-dependency and improving employment and earnings outcomes.

Childcare: Issues highlighted by CISs included the different treatment of means for the income-assessed subsidy under the National Childcare Scheme, e.g. Invalidity Pension is not disregarded as income and Child Benefit is classed as income, which can push low income couples over the threshold. The inability to return to work, or to take up job offers, due to lack of local childcare or the cost involved was a recurring issue.

"A family with three children had both parents working and were in receipt of the WFP. The mother gave up work because of the cost of full time childcare. Her husband's income then increased due to her Homemaker's Tax Credit and as a result his WFP was reduced by €60 per week. Even with childcare subsidies, the mother could not afford to return to work".

[Ref: 2020 SW 356]

CIB's forthcoming report on Financially Vulnerable Families and Children recommends examining tax credits for childcare expenses as a possible solution to cost for working parents.

Footnotes:

20. CIB (2020) Development of Department of Social Protection Statement of Strategy 2020-2023 Submission by the Citizens Information Board (October 2020)

21. CIB (2020) Development of Department of Social Protection Statement of Strategy 2020-2023 Submission by the Citizens Information Board (October 2020)

22. NWCI (2021) Budget 2022 Gender Analysis. Compiled by TASC – Think Tank for Action on Social Change.
23. OECD, 2015, Adapting to the changing face of work: Policies to make the most of part-time and temporary work, OECD: Paris.
24. OECD, 2019, OECD Employment Outlook 2019, OECD: Paris.
25. NESC (2020) The Future of the Irish Social Welfare System
26. Note the concept of 'living hours', which recognises that low paid workers often do not get the hours they need to make ends meet. <https://www.livingwage.org.uk/living-hours>
27. NESC (2020) The Future of the Irish Social Welfare System. Note that lone parents in receipt of Jobseekers Transitional Payment do not have to be available for and genuinely seeking full-time work, but a condition of the payment is that the claimant is required to meet DSP for activation during this time.
28. Development of Department of Social Protection Statement of Strategy 2020-2023 Submission by the Citizens Information Board (October 2020)
29. See Citizens Information Board Report, Getting There: Transport and Access to Social Services 2010 http://www.citizensinformationboard.ie/publications/social/social_research.html
30. A pilot is underway to help qualified adults access activation supports, as noted in McGuaran, S.M., 2021, 'Ireland's Social Welfare System: Gender, Family and Class', NESC Background Paper 151/4.
31. McGuaran, S.M., 2021, 'Ireland's Social Welfare System: Gender, Family and Class', NESC Background Paper 151/4

2. Does Ireland's taxation and welfare system strike the right balance between maintaining the incentive to increase earnings and alleviating some of the risks of low income (poverty and deprivation)?

No

Please explain your view:

Citizens Information Services dealt with almost 60,000 employment related queries last year, and 70,000 in 2020. In 2021, these queries included 64% related to employment rights and conditions (including leave/holidays, contracts of employment, pay/wages), 13% to unemployment and redundancy, and 6% to self-employment issues.

For particular cohorts, e.g. low wage workers including migrants, lone parents, people with disabilities, poverty traps are being created. CIB services support many clients who are engaged in precarious types of employment. Precarious employment can take the form of temporary work, casual work, internships, sub-contracting and 'if and when' hours. CISs and CIPS also deal on an on-going basis with people combining low income part-time or casual work with social welfare payments in order to maximise household income (CIB, 2020).

Ongoing consideration of the National Minimum Wage needs to factor in the respective contributions of the tax and social welfare systems and related in-work supports, (e.g. Working Family Payment and Housing Assistance Payment) and consider how best to achieve the optimum balance between wages and these supports in combating poverty and dealing with welfare traps. There is also a need to factor in childcare and housing-related costs in the conception of an adequate response to in-work poverty (32).

Some types of employment, such as atypical working, self-employment, casual and part-time work, work at or below the National Minimum Wage, can in fact be poverty traps. CIB believes a transition to a living wage is necessary to reflect the real cost of living, such as childcare, housing and energy costs.

For example, recent CSO SILC data (33) shows that the at risk of poverty for those who are employed was 6%, which is low compared to 32% for those who were unemployed, and 38% for those unable to work due to long-standing health problems. However, when housing costs are factored in to this poverty definition, we see that the at risk of poverty rate after deducting rent and mortgage interest increased to 10% for the employed, to 44% for the unemployed, and to 47% for those unable to work due to a long-standing health problem.

Looking at household composition there were similar high at risk of poverty rates after factoring in housing costs, with the highest rate for households with one adult and children under 18 years, at 50%, (up from 39%), and 40% for households with one adult aged under 65 years (up from 31%) and 25% for households with one adult aged 65 or over, (up from 16%).

Transitions from unemployment to part-time employment do not assure that a family will be lifted out of poverty (34). Full-time work is much more likely to enable a family to exit poverty. However, access to childcare is important in making a return to full-time employment possible.

When childcare costs are factored in the situation for lone parents, in particular, is worsened. Various recommendations have been made to help with childcare costs and smooth the transition into work, including examining tax credits for childcare expenses as a possible solution to cost for working parents; and introducing a two-tier child income support, consisting of a universal child benefit paid for all children, with an automatic supplement payable in respect of children in low-income families, whether receipt of a social welfare payment or in low-paid employment (35). In addition, activation policies need to take more cognisance of the gender aspects of both part-time work (which is frequently precarious and inflexible) and full time work which impacts on people's ability to carry out their child care responsibilities (36).

The Make Work Pay (37) report noted the complexity of the social welfare system and the difficulty this poses for people with disabilities to assess the costs and benefits of working for them and their family. Recent changes that support a transition to work include retention of the free travel pass, elimination of the requirement for work to be rehabilitative or therapeutic, and increased earnings thresholds. However, CISs note that a young person with a disability leaving education loses supports that had been available while in education, such as personal assistants and assistive technology, which remain important in accessing the labour market. CISs noted that the rules governing different payments can limit access to employment for parents of children with a disability.

"A caller was parenting alone and had a child with a disability. The caller was in receipt of OFP, half rate Carer's Allowance and DCA. The caller wanted to return to work part-time

while the child was in school. Carer's Allowance limits work to 18.5 hours a week, even though the child spent approximately 25 hours a week attending school. The threshold for receipt of WFP is 19 hours of work a week". [Ref: SPRs 2020 SW Families & Children 313]

Footnotes:

32. CIB Submission on the NMW, 2020.

33. CSO Survey on Income and Living Conditions (SILC) 202. <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2020/povertyanddeprivation/>

34. Maitre, B., Russell, H., Smyth, E., 2021, 'The Dynamics of Child Poverty in Ireland: Evidence from the Growing Up in Ireland Survey, ESRI: Dublin.

35. NESC (2020) The Future of the Irish Social Welfare System

36. CIB Submission on Gender Equality to the Citizens Assembly 2020.

37. Make Work Pay for People with Disabilities. Report to Government 2017.

<https://www.gov.ie/en/publication/0fb542-make-work-pay-report/#report-to-government-2017>

3 Are income supports equitable in terms of how they treat people of working age?

No

How is this balanced with the requirement to meet differing needs?:

Self-employed workers: can experience financial precarity because of the nature of their work, low pay and the interlinked nature of private and business debt. Because personal debt and business debt are often intertwined this can complicate establishing income levels for eligibility for relevant social assistance and assessing means (38). There have been significant improvements in recent years in the supports provided for the self-employed in terms of accessing a replacement income in times of unemployment, illness, and disability. Recent changes to eligibility for certain social welfare payments, such as Covid-19 Enhanced Illness Benefit, are welcome, but some inequalities remain for this group. Those identified by CISs include:

- Ineligibility for Working Family Payment.
- Self-employed persons on Jobseekers Assistance or Disability Allowance do not receive credits for the period on these payments, thus impacting their future entitlement to a full State contributory pension.
- Income disregards for means tested payments (which apply for Carers' Allowance and Disability Allowance for self-employed) do not apply to the self-employed for a non-contributory State pension.
- Self-employed persons on low income who are exempt from paying PRSI can make voluntary contributions towards their Contributory Pension. However, they cannot use voluntary contributions to satisfy PRSI conditions for Invalidity Pension.
- Sole traders re-entering the workforce are means tested for Jobseeker's Assistance on a 'euro by euro' basis which acts as a disincentive to take up short term contracts.

- If the spouse of a self-employed person applies for Disability Allowance, they will be assessed on a different basis because of this income, compared to spousal income from employment.

Low Income Working Families: The rules for Working Family Payment (WFP), which supports people in employment on low earnings, do not take account of variable working hours, short hours worked with more than one employer or seasonal working. These are groups that are most likely to be on low earnings. With regard to the WFP, issues noted by CISs that can create poverty traps include:

- Eligibility issues: the self-employed, including self-employed lone parents, are ineligible for the WFP. Recipients of Partial Capacity Benefit, unlike recipients of Disability Allowance, are also ineligible. Parents taking extra parental leave or maternity leave are not eligible for WFP.
- Review of WFP Rate: The rate of payment under WFP is only reviewed every 52 weeks. This leaves a gap for families who experience loss of income, for example due to reduced working hours, in the interim. If they work over five days a week, they are ineligible for Jobseekers Benefit, and if they leave their job, they could be penalised for voluntarily leaving employment.
- Debt, rent and maintenance costs are not taken into consideration in the assessment for WFP. WFP is included as means for the Medical Card.
- Housing issues: The interaction between WFP and housing can be problematic. For example, callers indicated that different housing authorities allowed or disallowed WFP as income for housing assistance. For some low income families, when WFP was included in income calculations it took them over the eligibility threshold for HAP.

People with Disabilities: People in receipt of disability payments have been struggling to manage on current rates of disability payment, and this was even more so the case during the pandemic, given the extra costs and expenses they have associated with their disability, such as heating, travel, mobility aids, medical expenses and home adaptations, above and beyond the living costs of the general population. Positive changes were introduced arising from the 'Make Work Pay for People with Disabilities Report to Government 2017' including the retention of the Medical Card, the Free Travel Pass, and the earnings disregard. CIB welcomes the recently published Cost of Disability research commissioned by the Department of Social Protection and urges consideration of the recommendations as a matter of priority.

Younger People: CIB has highlighted in previous submissions the situation for younger jobseekers who are living on the reduced rate of Jobseeker's Allowance. Research has demonstrated that younger people in particular have been disproportionately impacted by the crisis, as well as the longer term impacts of the recession (39). The personal rate of Jobseeker's Assistance for those aged 18-24 years not living independently and with no dependent children is €112.70 per week compared to €203 a week for those aged over 25. There was no such age distinction made with the Covid-19 PUP.

Women may be accessing income support because they are a lone parent, a dependant spouse, a carer or have suffered bereavement, illness, injury or are disabled. How the tax and welfare system treats them can at times be unfair, for example, when women are assessed as dependant adults rather than as individuals entitled to benefits in their own right. Research by the ESRI (40) found gender differences arising from tax and welfare policy between 2012 and 2018 mainly because women are more likely to be lone parents, inactive, and to be availing of child-related benefits. Changes to these supports resulted in reduced disposable income for lone parents and women in couples households with children compared to single women and couples with no children. Other issues for women highlighted in the data from services were:

- Women transitioning from one payment to another can lose benefits. Women who transfer from Invalidity Pension (IP) to the Widow's Contributory Pension (WCP) and remain ill long-term may then have insufficient contributions to re-qualify for Invalidity Pension.
- Women on IP being advised to transfer to Widows, Widower's or Surviving Civil Partner's (Contributory) Pension on the death of their spouse which could result in the loss of secondary benefits such as Fuel Allowance that they were receiving while on IP.
- Lone parents moving from One-Parent Family Payment to Jobseeker's Transition Payment experience a reduction in income.
- Half-rate Maternity Benefit is not accessible to women who are on Disability Allowance or Carer's Benefit even if they have sufficient PRSI contributions.
- Women who are separated may have former partners claiming for them without their knowledge, which impacts the women's eligibility for Working Family Payment.
- Periods of caring can have knock-on consequences for contributions towards pension entitlements and illness or invalidity benefits.

Footnotes:

38. Advisory Group on Tax and Social Welfare, 2013, 'Third Report: Extending Social Insurance Coverage for the Self-Employed'

39. Roantree, B, Maître, B, McTague, A. & I. Privalko (2021) Poverty, Income Inequality, and Living Standards in Ireland. ESRI

40. Doorley, K., Bercholz, M., Callan, T., Keane, C., Walsh, J.R., 2018, Gender impact of Irish budgetary policy, ESRI: Dublin.

4. What changes to the social insurance system should be considered to ensure sustainability into the medium to longer term? (Please note the recommendations of the Pensions Commission and NESC Report 151 on the future of the Irish social welfare system)

Please specify changes to be considered?:

CIS data has highlighted over recent years the need for supports for those who pay Class S Self Employed PRSI, as well as issues for those employed in atypical work who experience

more difficulties in accessing supports when unemployed, ill or have a disability or who are accessing maternity leave. CIB has previously recommended reviewing and extending social insurance coverage for the self-employed. In addition, CIB has previously recommended the introduction of an option for the self-employed to increase PRSI contributions to enable access to a full range of entitlements (41). The NESC report on the Future of Social Welfare notes that while contributions made by the self-employed to the Social Insurance Fund have not been increased, they are now able to access the majority of welfare benefits, and the PRSI contribution rate paid by the self-employed remains seven percentage points behind that of employees and gives access to 93% of welfare benefits (42).

CIB has also recommended increasing the rate of PRSI paid by current taxpayers in relation to the rates for employee, employer and self-employment PRSI contributions which are low relative to other EU and OECD countries. Increasing PRSI contributions would increase the sustainability of State pensions in particular. At the same time, MABS has regularly raised concerns about the capacity of people on persistently low incomes to pay increased

PRSI contributions in a sustainable manner. In this regard, some consideration could be given to a lower incremental scale of contributions or a longer timeframe for low income workers to reach higher level of contributions to address affordability issues.

Clients of CISs have had issues with the qualifying periods which require continuous employment over a period of time, as well as verification of income for those in self-employment. These situations were compounded during the onset of Covid-19, for example, women and maternity benefit access. Positive measures introduced during the pandemic included access to the Enhanced Illness Benefit for the self-employed.

One of the ways in which a lack of fairness has long permeated the Irish pension system is the manner in which entitlement to a pension from the State has been based on social insurance contributions. This ties pension entitlements to an individual's labour market participation history and has historically resulted in lower pensions (and sometimes no pensions at all) for people (mainly women) who have spent long periods away from the labour force raising families or caring for family members with high support needs. Also relevant is a lower receipt of State Pension Contributory (a key benefit from the Social Insurance Fund) among poorer households and lower average contributory pensions as well as significant gender difference associated with labour market history (43). In this regard, CIB has recommended a number of possible measures in developing a pension solution for people providing full-time care over many years in their submission to the Commission on Pensions.

Another issue raised in the NESC report is the situation for those in temporary employment, or in part-time employment that does not occur each week, who are not able to access social insurance benefits compared to those in full-time and permanent employment.

There appears to be consensus around the need for the self-employed pay more into the PRSI system. Both the Pensions Commission and NESC Report 151 on the future of the Irish social welfare system recommend increasing PRSI contribution rates, and particularly in the case, of the self-employed. The CIB concurs with these recommendations and made similar

ones in its submission to the Commission on Pensions. Key points from this submission include:

- Current rates of employee, employer and self-employment PRSI contributions are low relative to other EU and OECD countries and increasing PRSI contributions would increase the sustainability of the state pensions. Caution however, is needed with respect to the capacity of people on persistently low incomes to pay increased PRSI contributions in a sustainable manner. Therefore, some consideration could be given to a lower incremental scale of contributions or a longer timeframe for low income workers to reach a higher level of contributions to address affordability issues.
- People who continue to work after State Pension Age should continue to pay PRSI contributions (perhaps, at a reduced rate) in order to continue to contribute to the social insurance fund from which they are now benefiting.
- Specific provision for those who were unable to work due to caring responsibilities
- Accumulating 40 years of PRSI contributions in order to qualify for a full pension is likely to prove a significant challenge for many who are dependent on short-term, temporary or precarious work.
- If people generally are to accept paying more PRSI to achieve sustainable State Pension arrangements, there is a clear need for a strong and proactive information campaign as to why this is necessary with particular emphasis on sustainability in the medium to longer-term. It would be particularly important to highlight the potential effects of a higher and increasing spend on pensions on other Government services unless additional funding is provided through the social insurance system.

Footnotes:

41. CIB (2020) Lost in Transition.

42. DSP (2017) A survey of Class S PRSI contributors—Benefits and entitlements available to the self-employed, Dublin: Department of Social Protection as quoted in NESC (2021) The Future of the Irish Social Welfare System: Participation and Protection. No. 151 November 2020.

43. Maitre, B. & Nolan, A. (2019) Poverty among the Older Population. ESRI

Chapter 4 - Climate

1 As Ireland moves to a low carbon economy, what should be the role of the taxation and welfare system in: a) taking advantage of opportunities? :

CIB does not have sufficient data/evidence to provide a considered commentary in this area.

b) mitigating the risks? :

CIB does not have sufficient data/evidence to provide a considered commentary in this area.

c) in meeting Ireland's emissions targets?:

CIB does not have sufficient data/evidence to provide a considered commentary in this area.

2 Are there existing taxation and welfare measures that are counter-productive to Ireland's climate change commitments?

Not Answered

If yes, please specify:

CIB does not have sufficient data/evidence to provide a considered commentary in this area.

To what extent are these justified in the Irish context and are any reforms necessary?:

CIB does not have sufficient data/evidence to provide a considered commentary in this area.

3 What changes should be made to the taxation system to ensure longer term fiscal sustainability given the expected impact of the continued decarbonisation of the Irish economy, in particular the impact of reducing tax revenues from energy, carbon and motor taxes?

Please detail the changes:

CIB does not have sufficient data/evidence to provide a considered commentary in this area.

Chapter 5 - Housing

1. Taking into account previous taxation related interventions in the housing market, what role do you think the taxation and welfare systems have to play in contributing to the long-term supply of housing?

Please outline your views:

Citizens Information Services (CISs) dealt with over 60,000 housing related queries from members of the public in 2021. The experience of CIB funded services (CISs, MABS and NAS) refers mainly to matters relating to access to social and affordable housing and people in mortgage arrears as distinct from the broader areas of house building, planning and development.

CIB recognises the Government's commitment in "Housing for All" to review the recommendations of the Working Group on the Tax and Fiscal Treatment of Landlords. In 2021, CIS data show that there were over 10,000 queries relating to the private rental sector, with almost 2,500 of these relating to notice/evictions/disputes, including for example, notice to quit being served to tenants on sale of property, and invalid eviction notices. The instances in the data demonstrate the major difficulties for tenants in securing affordable, good standard accommodation in the private rental sector and also indicate a lack of balance between the rights of tenants and the rights of landlords. CIB recognises at the same time that action should be taken to retain small and medium sized landlords in the sector, and introduce taxation measures to support this objective. Threshold in their PBS 2022 argue for using the tax system to incentivise landlords to offer long-term leases, as these provide more security of tenure for tenants (44).

CIS data showed over 5,000 queries on Local Property Tax in 2021, mostly relating to access and administrative issues, e.g. problems for older people in accessing online services. It has been recognised that a regular updating of house price valuations combined with special arrangements for low income owners and illiquid assets may improve resource allocation, while increasing the progressivity and fairness of the tax system (45). However, it has been pointed out that updating of valuations could have inflationary effects in the rental market, as landlords could pass property tax increases on to tenants in a context of rental supply shortages. It could also discourage landlords to renovate their dwellings. Therefore, it has been recommended that special arrangements for the long-term rental sector may also be required (46).

Footnotes:

44. Threshold (2021) Investing in Home. Pre-Budget Submission 2022.

https://www.threshold.ie/assets/files/pdf/investing_in_home_thresholds_pbs_2022.pdf

45. European Commission (2012), 'Property taxation and enhanced administration in challenging times'.

46. Tedin, M. & Faubert, V (2020) Housing Affordability in Ireland. European Economy Economic Brief 061 December 2020. https://ec.europa.eu/info/sites/default/files/economy-finance/eb061_en.pdf

2. Should the taxation system have a role in supporting or promoting any specific form of housing tenure (e.g. home ownership, rental), or should it remain neutral?

Yes, taxation should have a role

Please elaborate further:

The private rented sector has now clearly assumed equal importance with other housing tenures, especially owner-occupation. Its role in social housing provision will continue to grow until the increased supply of housing to be provided under 'Housing for All' fully comes on stream. Key objectives in relation to housing affordability should be to review the current reliance on the private rented sector as the primary long-term social housing option, and address the ongoing issue of unsustainable mortgage debt.

In prioritising the various objectives, a critical question is how to cater for households whose income is just above levels for state supplementation of rental costs but who are finding it increasingly difficult to access and maintain housing tenure in the private rented sector which for many is the only option available. The challenge is to deal realistically with the twin issues of rapidly rising rents and insufficient supply of housing to rent which is compliant with minimum standards in all areas of the country. Taxation measures should be addressed towards tackling these challenges.

3. What in your view is the role that taxation should play in housing affordability?

Please outline your views:

CIB funded services – Citizens Information Services (CISs), MABS and the National Advocacy Service for people with disabilities (NAS) regularly highlight housing difficulties experienced by citizens. The issue of affordability in the private rental sector is a long-standing and ongoing problem for many users of CIB services. The private rental sector, has seen prices continuing to grow to levels well above those prior the 2008 crisis.

The main issues raised by CIS users relate to the Housing Assistance Payment (HAP) and access to social housing generally. In 2021 there were nearly 12,000 queries on HAP, as well as, over 15,000 queries on applying for social housing.

Since the onset of Covid-19, these issues have come into sharp focus and reflect central concerns around the availability and affordability of suitable housing options for low-income households. For households with below and on average incomes, there is clearly an affordability issue, most notably in Dublin, as competition from medium and high income households is squeezing them out of the market – this issue applies to both people reliant on state support and others on low income but not entitled to state support.

MABS deals on an ongoing basis (including through Abhaile) with people living with mortgage debt. Difficulties experienced by people with disabilities are identified by CISs and by NAS on an ongoing basis. In 2019, for example, housing and accommodation accounted for 50% of NAS representative advocacy cases, including those experiencing or at risk of homelessness.

The negative impact of inadequate social housing on the daily lives of users of these services is very significant. Inadequate social housing supply results in people who become homeless being accommodated in inappropriate emergency accommodation and/or living in overcrowded accommodation and, therefore, at a higher risk of health problems, including mental health problems, and a greater risk of exposure to Covid-19.

CIB's submission to the Housing for All Strategy recommended that there should be continued use of targeted tax incentive to landlords who participate in social and affordable housing schemes with the condition that accommodation meets minimum quality standards.

There needs to be a strong policy commitment to the direct provision of social housing via Local Authorities and the not-for-profit sector. This includes realising the potential of available public land banks.

CIB considers that given the recent SILC data from the CSO showing very high poverty rates when housing costs are factored in to the definition, in particular, for lone parents and adults aged under 65, it has been noted that with the changes in housing affordability over the past couple of decades that housing costs should be included in the Gini co-efficient, so that there is a better understanding of the income available to households after housing costs are met (48).

Some specific concerns being raised by clients and CISs include:

- Rent Supplement or HAP forms: when a person is granted housing assistance it is the tenant's responsibility to get the landlord to sign housing assistance forms. Examples of where landlords are refusing to sign Rent Supplement or HAP forms, because they were not registered for tax. There were also cases where landlords indicated that rent would be increased to cover any tax liability that may arise if the tenant continued to proceed with rent support.
- Income adequacy: CIS data showed problems for clients who were combining work and welfare, in meeting living costs, due to very high housing costs.
- Rent a Room Relief: The fact that there is no disregard for rental income in the means test for Disability Allowance (DA) was raised as an issue by callers, who wished to avail of the Rent a Room Relief scheme, and retain their DA payment. This was seen as a disincentive for claimants wishing to supplement their income from DA by renting out a room in their home, thus providing accommodation during a housing crisis. Revenue permit an individual to earn up to €14,000 tax free from the 'Rent a Room' scheme, however, there is no similar allowance under social welfare provisions. This situation was contrasted with a person in receipt of Invalidity Pension who could claim a Rent a Room relief with no penalty.

Footnotes:

47. See Housing Assistance Payment. The Experience of Citizens Information Services.
https://www.citizensinformationboard.ie/downloads/social_policy/HAP_Report_CIB_2017.pdf

48. NES (2020) The Future of Social Welfare System. No. 151

4. Following the introduction and recent amendments to the Local Property Tax (LPT) and the commitment in Housing for All to introduce a new taxation measure to activate vacant land for residential purposes, do you consider there is a role for a Site Value Tax in Ireland?

Yes, Site Value Tax has a role

Please elaborate further:

CIB in its submissions (49) recommended taking concerted and urgent action - such as the taxation of vacant or underdeveloped land - to bring vacant properties in all parts of the country into use for residential accommodation purposes.

It has been recognised that a well- administered vacant site tax could increase land availability and reduce land inflation. Each local authority has responsibility for the administration of the vacant site levy. There have been recent criticisms of the administration of the levy, and calls for it to be transferred to Revenue. It has been proposed that a more centralised approach could be considered to address part of these concerns (50). More effective administration of the levy could also lead to better revenue generation.

Footnotes:

49. CIB (2021) Pre-Budget Submission 2022; CIB (2021) Housing for All Strategy.

50. PBO (2020) 'Challenges in implementing and administering the Vacant Site Levy'. Parliamentary Budget Office publication 29 of 2020.

Chapter 6 - Supporting Economic Activity

1 How can Ireland maintain a clear, competitive, sustainable, and stable taxation policy with regard to its attractiveness to Foreign Direct Investment (FDI) in light of the rapidly changing global environment?

Please outline your views:

CIB does not have sufficient data/evidence to provide a considered commentary in this area.

2 How can the taxation environment support indigenous enterprise, particularly small and medium sized enterprises (SMEs) to be productive, to innovate and be competitive internationally?

Please specify:

CIB does not have sufficient data/evidence to provide a considered commentary in this area.

3 With regard to starting, scaling or growing a business in Ireland:

a) what features of the current taxation system work well?:

CIB does not have sufficient data/evidence to provide a considered commentary in this area.

b) what features do not work well and how can these be improved?:

CIB does not have sufficient data/evidence to provide a considered commentary in this area.

Chapter 7 - Tax Expenditures

1. How do you think the process of reviewing taxation measures and taxation expenditures is currently functioning?

Please outline your views:

CIB concurs with other commentators and researchers who have argued for a more systematic review of tax expenditures. For example, Dr. Micheál Collins, proposed in a presentation to the Committee for Budgetary Oversight that tax expenditure measures, both new proposals and existing provisions, be considered as equivalent to direct expenditure by Government departments or agencies and to approach them in this way. In particular, he recommends that a theme be selected each year, and relevant tax expenditures under this theme be reviewed; as well as undertaking a review of any new tax expenditures in the Budget and Finance Bills to assess their appropriateness according to a set of criteria, e.g. as set out by the Commission on Tax and Welfare, or the Department of Finance (51).

Meanwhile, NESC (2020) recommended that tax expenditures be regularly reviewed, and that there be a yearly report on the expenditure and income forgone under them.

Footnotes:

51. Opening statement, Dr. Micheál Collins, Assistant Professor – School of Social Policy, Social Work and Social Justice, University College Dublin. Remarks to the Oireachtas Select Committee on Budgetary Oversight on the topic of Tax Expenditures. <https://www.oireachtas.ie/en/committees/33/budgetary-oversight/documents/>

How well defined do you think the benchmark taxation system is in Ireland?

2. How do you think the process of taxation expenditure review could be improved?

Please specify:

CIB notes NESC's views (52) where it proposes yearly analysis of the impact of expenditure and income forgone through tax expenditures on the different income deciles. NESC considers that direct Exchequer expenditure should be used instead of tax expenditures (section 8.3 of the 2009 Commission on Taxation (CoT), that tax expenditures for individuals should be subject to a ceiling (section 8.5 of CoT report), and that tax expenditure should be time-limited, and discontinued in certain circumstances.

Footnotes:

52. NESC (2020) The Future of the Irish Social Welfare System: Participation and Protection. No. 151 November 2020

3. Please give examples of taxation expenditures that you believe run counter to public policy/are badly designed?

Please specify:

CIB notes NESC's views that tax expenditures with a social purpose (such as pension and health insurance tax relief) should be capped as they are expensive and regressive and benefit wealthier members of society to a greater extent. Note research cited by NESC (53) which found that Ireland is one of the three countries in the EU where tax reliefs do most to increase inequality. Secondly, NESC report highlights that some tax expenditures support dual provision of services, such as private pensions, and privately sourced healthcare, which results in unequal access to services, and reinforces the impact of inequalities based on income.

Footnotes:

53. Avram et al (2014) cited in NESC (2020) The Future of the Irish Social Welfare System: Participation and Protection. No. 151 November 2020. Page 108

Please explain your rationale? :

4 Please provide examples of taxation expenditures that you believe work well, either in Ireland or internationally?

Please specify:

Chapter 8 - Public Health

1. How well do the taxation and welfare systems support good public health outcomes, addressing health challenges including but not limited to those caused by or related to tobacco and alcohol use, obesity, poverty and/or environmental issues?

Please outline your views:

Access to public health services can be complex and difficult to navigate (54) and common queries made to CISs were about access and entitlements. Issues raised included long waiting times, unavailability of local health services such as General Practitioners (GPs), and limited availability of specialist services (e.g. Occupational Therapists, Physiotherapists, and Speech and Language Therapists), especially in the public health system.

The prevalence of health conditions and cancer is higher in disadvantaged communities (55). The IMO predicts that the pandemic will have a severe detrimental impact on waiting lists, especially for cancer services, for years to come (56). Elective procedures were also cancelled or delayed, with 30 per cent fewer elective surgeries as a result of the pandemic (57). This has put added pressure on waiting times (an increase of 153% from April 2020 to April 2021 for those waiting more than 12 months) and waiting lists.

Taxes on alcohol and tobacco have been an important means of raising revenues for public spending in many countries but there is increasing interest in using taxes on these, and other unhealthy products, to achieve public health goals. Research shows that increasing alcohol duties is neutral when expressed as a share of spending, whereas increases in tobacco duty is regressive as a share of spending as tobacco makes up a larger proportion of the spending of lower-income households (58). This paper points to the incompatibility of the two goals of the cost to society of these products and improving health behaviours, and secondly, of the reliance on these sources as a revenue stream. Therefore policy makers need to be clear about the main goal of any health tax and design the tax correspondingly. If the revenue from health taxes is earmarked for health spending this tends to increase public support so long as policymakers follow through on specified spending commitments (59).

Footnotes:

54. Deane, A., 2020, 'Giving Health Inequality a Voice', The European Anti-Poverty Network (EAPN) Ireland

55. Walsh, P.M., McDevitt, J., Deady, S., O. Brien, K., Comber, H., 2016, 'Cancer inequalities in Ireland by deprivation, urban/rural status and age: a report by the National Cancer Registry', National Cancer Registry

56. Irish Medical Organisation, www.imo.ie/news-media/news-press-releases/2021/oireachtas-health-committ-1/index.xml

57. Royal College of Surgeons National Clinical Programme in Surgery

58. ESRI (2021) Options for raising tax revenue in Ireland.

59. Wright, A., Smith, K.E. & Hellowell, M. Policy lessons from health taxes: a systematic review of empirical studies. BMC Public Health 17, 583 (2017). <https://doi.org/10.1186/s12889-017-4497-z>

Chapter 9 - Administration

1. How can modernisation of the taxation and/or welfare administrations evolve to best meet customer needs in a satisfactory manner while respecting data rights and ensuring secure and reliable tax collection?

Please outline your views:

E-government is accelerating and the pandemic has given added impetus to online provision. Nonetheless, as commented by Age Action recently 'Digital first should not mean digital only' (60).

While online services have much merit as an alternative efficient way of accessing information, personal records and making applications for services and benefits, this means of access should not be the only one. While CISs can and do play an important role in facilitating on-line access, there remains a small cohort of people who will continue to require hard copy benefit application forms (61).

Some application processes have moved exclusively online in recent years, such as the Back to School Clothing and Footwear Allowance, Medical Card review process, National Driver Licence Service and Immigration Service Delivery appointments processes. Callers come to CISs seeking help to access paper forms for these services, but now these are no longer available. Older people may not have digital skills themselves or may not have access to someone who has. Divulging personal information to a third party to access a service online disempowers, invades privacy and can place an older person in a vulnerable situation.

The CIB believes there is a need for digital assistance channels to ensure that all citizens have equal access to e-services.

Other issues regarding digital access include people's level of awareness and understanding of technical terms that may impact their ability to give informed consent to terms and conditions, or that may place them at risk of online fraud.

CIB's PBS 2022 recommended that inclusive public services incorporate the following.

- Provide multiple options for communication with public services and public authorities; continuing to accept written applications for public services and social welfare benefits and enquiries via a public desk or telephone is a particular priority. These options must be adequately resourced and their availability actively promoted (62).
- Provide assisted digital support, e.g. web chats, telephone or 'call back' facilities, as well as use of intermediaries such as the Citizens Information Services which provide face-to-face or telephone support.
- Mainstream the use of assistive technologies in the use of e-government services to help many people with digital capacity issues including people with disabilities.
- The use of Plain English and clear direction and information in communications from public services is essential to avoid misunderstanding and delays. This needs to be

resourced, so that citizens can understand the decision-making on their entitlements.

Footnotes:

60. Head of Advocacy and Communications, Age Action, <https://www.ageaction.ie/news/2021/10/01/>

61. Development of Department of Social Protection Statement of Strategy 2020-2023 Submission by the Citizens Information Board (October 2020)

62. Norris, M., Kelleher, J. & J. Bwalya (2021) Digital Exclusion and E-Government in Ireland. Report produced for the CIB.

What do you see as the implications of modernisation for taxpayers either positive or negative?:

Citizens Information Services have assisted callers to set up an online MyGov.ie account, a process that was described as cumbersome, time consuming and difficult. Digital should make things easier for citizens, not more challenging. The pandemic also highlighted digital inequalities:

- Geography and access due to no or poor internet connection, no access to devices and/or digital skills support, including for people with literacy issues, who did not speak English as a first language, or who had visual impairment.
- Living in homeless accommodation.
- Being a member of the Traveller community.
- Living in direct provision.
- Being a migrant and trying to access a PPS number.
- Difficulties for those unable to access Revenue's services online, with long delays in accessing telephone support, and problems accessing local office appointments, which were severely curtailed due to Covid-19.

2. What improvements in service quality and delivery could be achieved by integrating (elements of) the taxation and welfare administrations?

Please specify:

In Chapter 1, CIB proposed some measures for reducing complexity in the social welfare system, including the development of a single, streamlined means test for all DSP-administered schemes, to allow for a single point of access for applicants, which should be an integral part of the on-line delivery of services.

CIB also considers that the experience of managing the social welfare and taxation systems during the Covid-19 pandemic demonstrated a quick and efficient response, as well as innovation in the goal of providing a safety net for those who lost jobs, as well as supporting employees' attachment to the labour market. The increased integration across social welfare and taxation, such as the tapering of the withdrawal of benefits, the experience of administering the Employment Wage Subsidy Scheme, the introduction of the Enhanced Illness Benefit can provide valuable lessons for introducing improvements, as well as further integration across these systems.