



An Roinn Coimirce Sóisialaí Department of Social Protection

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Establishment of an Advisory Group on Tax and Social Welfare

The Minister for Social Protection, Joan Burton TD, is pleased to announce the establishment of an Advisory Group on Tax and Social Welfare. The Government agreed to a proposal by the Minister Burton to establish an Advisory Group on Tax and Social Welfare. This reflects a key commitment in the Programme for Government. The Cabinet also agreed the members of the group as well as its broad terms of reference and working arrangements.

The main rationale for the establishment of the group is to harness expert opinion and experience to address a number of specific issues around the operation and interaction of the tax and social protection systems, recommend cost-effective solutions as to how employment disincentives can be improved and better poverty outcomes, particularly child poverty outcomes, achieved and to identify the specific practical institutional and administrative improvements to their operation. A considerable level of analysis has already taken place, therefore, the emphasis of the Advisory Group will be on identifying and solving specific problems within the priority areas bearing in mind that they are interdependent. These priority areas are reflected in the proposed terms of reference and mode of working of the Advisory Group.

The Government agreed the following terms of reference for the Advisory Group:

- a. To constitute a forum to which the Minister for Social Protection may refer specific issues around the income supports and tax systems so that they provide good incentives to take up work and to contribute to the reduction of poverty and child poverty in particular. In particular, the Advisory Group will examine the following specific issues and make recommendations on:
 - i. Child and family income supports (in particular child benefit, increases for qualified children and the family income supplement);
 - ii. Working age income supports (including unemployment payments and similar payments made by other agencies, one parent family payment, one parent family tax credit, back to work tax credit, increases for adult dependents as well as secondary benefits such as medical cards and rent and mortgage supplementary payments);
 - iii. The appropriate unit of assessment in both the tax and social welfare codes



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- iv. How to address identified anomalies in the interaction of tax and social welfare codes.
- b. To examine and report on issues involved in providing social insurance cover for self-employed persons in order to establish whether or not such cover is technically feasible and financially sustainable;
- c. To examine and report upon how to improve interaction between the tax, social welfare systems and other supports so as to improve the operation of both in a cost-effective way and in the delivery of positive social and economic outcomes.
- d. To examine and report upon any other issue that may be referred to the group by the Minister for Social Protection following consultation with the Ministers of Finance and Public Expenditure and Reform and the agreement of the Minister for Finance on taxation matters.

It is intended that the Advisory Group should consider any proposals for change to existing arrangements in a cost-neutral or cost-reducing context.

The group will be chaired by Ms. Ita Mangan, a barrister with considerable experience in public policy as a legal and social affairs consultant. In line with a practical, problem-focused and evidence-orientated approach, members of the Advisory Group will have expertise from economic and social policy and other relevant areas and will comprise of individuals with a mix of experience and expertise from within and outside the public sector.

The other members of the Advisory Group are as follows:

- **John Bohan**, Principal Officer in the Department of Social Protection.
- **Niall Cody**, Assistant Secretary in the Office of the Revenue Commissioners.
- **Micheál Collins**, lecturer at the Department of Economics, Trinity College Dublin.
- **John Conlon**, Principal Officer in the Department of Public Expenditure and Reform.
- **Catherine Hazlett**, Principal Officer in the Department of Children and Youth Affairs.
- **Paul Kealy**, Accountant within the Department of Jobs, Enterprise and Innovation.
- **Pat Mahon**, Director in the Human Resource Services Practice at Pricewaterhouse Coopers (PwC).
- **Derek Moran**, Assistant Secretary in the Taxation Policy Division of the Department of Finance.



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- **Brian Nolan**, Professor of Public Policy and Head of the School of Applied Social Science in UCD.
- **Gerallyn McGarry**, Manager, Social Policy and Research, Citizens Information Board.
- **Aebhric McGibney**, Policy and Communications Director with the Dublin Chamber of Commerce.
- **Mary P. Murphy**, lecturer in Irish Politics and Society in the Department of Sociology, National University of Ireland, Maynooth.
- **Marie Sherlock**, Economist with SIPTU.
- **John Sweeney**, Senior Social Policy Analyst in the National Economic and Social Council.
- **Joan Gordon**, Assistant Principal in the Department of Social Protection will act as Secretary to the Advisory Group.

Note for editors

The Programme for Government proposes to establish a commission on taxation and social welfare to examine and make recommendations on the interaction between taxation and the welfare system to ensure that work is worthwhile. In particular, it proposes that the Advisory Group will examine family and child income supports and a means by which self-employed persons can be insured against unemployment and sickness (relevant text from programme below).

The Minister for Social Protection has considered this commitment in further detail and proposes to establish an Advisory Group on tax as she considers that the term 'advisory group' better reflects the purpose and working methods of the group than the term 'commission'.

It is envisaged that the Advisory Group would propose a work programme based where possible on producing modular reports on the priority areas identified earlier in line with a timetable agreed by the Minister for Social Protection in consultation with the Ministers for Finance and Public Expenditure and Reform.

Where possible, the aim is to provide recommendations that can be acted upon in time for the annual budget/estimates and legislative cycle and to allow the Government to best address its commitments under the EU/IMF Programme of Financial Support agreed on 28th April 2011. In this connection, it is intended that the Advisory Group would prioritise the area of family and child income supports by completing its work in time for the 2012 Budget and in order for the Government to report under the terms of the EU/IMF programme by the end of December 2011. In early 2012, the



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Advisory Group will put forward a programme of rolling reviews in order to address the remaining priority items.

Relevant text from Programme for Government

- “Establish a Tax and Social Welfare Commission to examine entitlements of self employed and the elimination of disincentives to employment” (Page 17);

“The Commission on Taxation and Social Welfare will examine and make recommendations on the interaction between taxation and the welfare system to ensure that work is worthwhile. In particular, it will examine family and child income supports, and a means by which self-employed people can be insured against unemployment and sickness.” (Page 52).

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