

# DRAFT BUDGETARY PLAN FOR 2016

OCTOBER 2015



PUBLIC FINANCES



An Roinn Airgeadais  
Department of Finance

# IRELAND'S DRAFT BUDGETARY PLAN

October 2015

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## Introduction

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Regulation (EU) 473/2013 of the European Parliament and of the Council (part of the so-called ‘two-pack’) introduces a common budgetary timeline for euro area Member States. Specifically, the regulation requires the submission of Draft Budgetary Plans for the forthcoming year to the European Commission and to the *Eurogroup* by the 15<sup>th</sup> October each year.

The document herein is being submitted to the European Commission and *Eurogroup* in accordance with the regulation.

This Draft Budgetary Plan will also be laid before the Houses of the Oireachtas. It is based on the 2016 Budget presented to Dáil Éireann on 13<sup>th</sup> October 2015.

The format and content of the document are in line with the requirements of the Code of Conduct, which *inter alia* requires macroeconomic and budgetary forecasts for the current and forthcoming years (in this case 2015 and 2016). Pre-Budget macroeconomic forecasts for this year and next, based on an assumed Budget package of €1.2 billion, were [endorsed](#) by the Irish Fiscal Advisory Council (IFAC), as required under article 4(4) of the regulation <sup>1</sup>.

The analysis and forecasts contained in this document are based on data to early October. All data presented herein are on an ESA 2010 statistical basis.

<sup>1</sup> While the final macroeconomic forecasts underpinning the Budget incorporate a Budget package of 0.7 per cent of 2015 GDP, the fiscal assumptions underpinning the endorsed forecast assumed a Budget package in the order of 0.6 per cent of GDP as the precise measures in Budget 2016 had not been finalised at the time of endorsement. A reconciliation between the final and endorsed forecasts was provided to IFAC as per the Memorandum of Understanding between the Department of Finance and the IFAC.

## Summary

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Economic governance in the EU has been enhanced in response to the crisis. Among the improvements has been the introduction of a coordinated surveillance exercise each Autumn for euro area Member States. Specifically, euro area Member States not subject to a financial assistance programme must submit Draft Budgetary Plans to the European Commission and to the *Eurogroup*. The rationale is essentially twofold: firstly, to ensure that the recommendations of the Commission and the *Eurogroup* are taken into account in the budgetary process of the Member States and secondly, to facilitate better policy coordination in the euro area.

In terms of process, the Commission will issue an opinion on each Member State's Draft Budgetary Plan and this will be discussed by the *Eurogroup*. According to article 7(5) of regulation 473/2013, the *Eurogroup* will also discuss the budgetary situation in the euro area as a whole.

Economic recovery in Ireland has gained momentum in recent months with the level of GDP per person exceeding its pre-crisis peak in the second quarter of this year. Following an estimated increase of 6.2 per cent this year, GDP is projected to expand by 4.3 per cent next year.

The improved economic performance is also evident in the public finances. A general government deficit of 2.1 per cent is expected this year, thereby bringing the deficit below the 3 per cent of GDP threshold, as set out in the Council recommendation to Ireland in December 2010. An improvement of 0.8 per cent of GDP in the structural deficit is envisaged for next year, consistent with the requirements of the preventive arm of the Stability and Growth Pact. The debt ratio is now expected to be 97 per cent of GDP by the end of this year and be 93 per cent of GDP by the end of 2016.

## Section 1

### Economic Developments and Outlook

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The pace of economic recovery strengthened in the first half of this year, with annual growth rates of 7.2 and 6.7 per cent in the first and second quarters respectively. The recovery also continues to broaden, with all of the components of demand making a positive contribution to GDP growth. High frequency indicators suggest the strong economic performance has continued into the third quarter. As a result, GDP growth of 6.2 per cent is now projected for this year, while an increase of 4.3 per cent is expected for next year.

The recovery in output is yielding positive dividends in the labour market, where strong employment gains have been witnessed in the first half of the year. Employment growth of 2.8 per cent is projected for this year, with the unemployment rate expected to average 9.5 per cent. A further reduction in the unemployment rate is forecast for next year, with an average rate of 8.3 per cent currently expected. Inflationary pressures remain subdued.

**Table 1: Basic assumptions**

<i>% change (unless stated)</i>	2014	2015	2016
<b>External GDP Growth</b>			
Euro Area	0.9	1.6	1.9
United States	2.4	2.4	2.6
United Kingdom	3.0	2.4	2.3
World excluding EU	3.8	3.8	4.3
World imports excluding EU	1.9	3.4	4.9
<b>Technical Assumptions</b>			
Euro-Sterling Exchange Rate	0.81	0.73	0.73
Euro-Dollar Exchange Rate	1.33	1.11	1.12
Brent Crude (US \$ per barrel)	100	55	54
Nominal effective exchange rate (NEER, 1999Q1=100)	107.7	100.1	100.7

Source: OECD interim economic outlook and European Commission Spring 2015 forecasts.

Exchange rates and oil prices (futures) calculated on the basis of a ten-day average to mid-September and unchanged thereafter.

NEER is based on the Central Bank of Ireland's nominal HCI held constant at its level in August 2015.

**Table 2(a): Macroeconomic prospects**

	2014*	2014	2015	2016
	€m	percent change		
1.Real GDP	188,775	5.2	6.2	4.3
1.1 due to the estimated impact of budgetary measures		-	-	0.3
2.Potential GDP	182,860	2.7	3.4	4.1
Contributions (percentage points):				
<i>labour</i>		0.8	1.2	1.7
<i>capital</i>		0.5	0.8	1.0
<i>tfp</i>		1.4	1.4	1.3
3.Nominal GDP	189,050	5.3	11.2	6.2
<b>Components of Real GDP</b>				
4. Private final consumption expenditure	88,950	2.0	3.5	3.5
5. Government final consumption expenditure	27,225	4.6	1.9	1.1
6. Gross fixed capital formation	36,500	14.3	13.0	12.5
7. Stock changes (% of GDP)	1,900	1.0	0.8	0.6
8. Exports	214,950	12.1	11.9	6.9
9. Imports	180,275	14.7	12.1	8.2
<b>Contributions to real GDP growth</b>		<i>annual pp contribution</i>		
10. Domestic demand		4.2	4.3	4.2
11. Stock changes		0.5	0.0	-0.1
12. External balance of goods and services		0.1	2.0	0.2

Source: 2014 CSO; 2015-2016 Department of Finance forecasts.

Rounding may affect totals.

\*rounded to nearest €25m. GDP figures are presented in 2013 constant prices, for components of GDP figures are presented in current prices. Potential growth reported on a harmonised basis at 2010 constant prices

**Table 2(b): Price developments**

<i>% change</i>	2014	2015	2016
GDP deflator	0.1	4.6	1.8
Private consumption deflator	1.7	0.9	1.8
Harmonised index of consumer prices (HICP)	0.3	0.1	1.2
Investment deflator	0.8	1.1	1.8
Export price deflator	0.2	5.6	1.7
Import price deflator	0.3	2.6	1.5

Source: 2014 CSO; 2015-2016 Department of Finance forecasts.

**Table 2(c): Labour market developments**

	<b>2014 level (‘000)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
		<i>% change</i>		
Employment	1,914.0	1.8	2.8	2.4
Unemployment rate (% of labour force)	242.8	11.3	9.5	8.3
Labour productivity (persons)*	95.2	3.4	3.4	1.8
Compensation of employees (€bn)	70.0	3.5	4.9	4.9
Compensation per employee (€000)	45.0	1.8	2.1	2.4

Source: 2014 CSO; 2015-2016 Department of Finance forecasts.

\*GDP per person employed in 2010 constant prices (RVGDE). Compensation data refer to employment in the non-agricultural sector.

**Table 2(d): Sectoral balances**

<i>% GDP</i>	<b>2014</b>	<b>2015</b>	<b>2016</b>
1. Net lending/net borrowing vis-à-vis the rest of the world (% of GDP)	3.6	6.9	6.2
<i>of which:</i>			
-Balance on goods and services	18.3	22.2	21.7
-Balance of primary incomes and transfers	-14.7	-15.3	-15.5
-Capital account	0.0	0.0	0.0
2. Net lending/net borrowing of the private sector	7.5	9.0	7.4
3. Net lending/net borrowing of general government	-3.9	-2.1	-1.2
4. Statistical discrepancy	-0.1	-0.1	-0.1

Source: 2014 CSO; 2015-2016 Department of Finance forecasts. Rounding may affect totals. Statistical discrepancy refers to the reconciliation between the income and expenditure accounts of the NIE.

## Section 2

### Budgetary Developments and Outlook

Fiscal policy over recent years has been driven by the objective of correcting the excessive deficit in 2015, ie. achieving a deficit of 2.9 per cent of GDP or better. In last year's Budget, it was forecast that Ireland would deliver a deficit of 2.7 per cent of GDP this year.

Revenue developments in 2015 have been much stronger than expected. Taxation is set to grow at close to 8 per cent in year-on-year terms and is broad based across income, capital and consumption taxes. Expenditure pressures have emerged in specific demand-led areas, such as health, which coupled with policy decisions to *inter alia* increase capital expenditure means that the end-year outlook for expenditure of Central Government is higher than originally expected. Importantly, the performance of taxation is such that these pressures can be accommodated while still delivering a deficit of 2.1 per cent of GDP, comfortably within the EDP ceiling.

Taking account of the budgetary measures, a deficit of 1.2 per cent of GDP is forecast for 2016 which compares to a deficit of 0.9 per cent on a no-policy change basis. General government revenue is expected to grow from €69,405 million to €71,285 million in 2016, while general government expenditure is forecast to increase from €73,795 million to €74,050 million. The bulk of the improvement in the deficit – 0.8 per cent of GDP - is structural in nature and consistent with requirements under the preventive arm of the Stability and Growth Pact.

With regard to gross general government debt, the debt to GDP ratio peaked in 2012 at 120 per cent but is expected to decline to 97 per cent by the end of this year. Net public indebtedness – which takes account of accumulated cash and other assets – is much lower than the gross figure at around 80 per cent of GDP this year. The gross debt ratio is forecast to fall to close to the euro area average of 93 per cent in 2016.

**Table 3(a): General government budgetary targets broken down by subsector**

% of GDP	ESA Code	2014	2015	2016
1. General government	S.13	-3.9	-2.1	-1.2
p.m.: Underlying balance		-3.9	-2.1	-1.2
2. Central government	S.1311	-3.9	-2.3	-1.2
4. Local government	S.1313	0.0	0.2	0.0
5. Social security funds	S.1314	0.0	0.0	0.0
6. Interest expenditure	D.41	4.0	3.2	3.0
7. Primary balance		0.1	1.1	1.7
8. One-off and other temporary measures		-0.2	-0.1	-0.1
9. Real GDP growth		5.2	6.2	4.3
10. Potential GDP growth		2.7	3.4	4.1
11. Output gap (% of potential GDP)		-0.4	2.3	2.5
12. Cyclical budgetary component (% of potential GDP)		-0.2	1.2	1.3
13. Cyclically-adjusted balance		-3.7	-3.3	-2.5
14. Cyclically-adjusted primary balance	TR	0.3	-0.1	0.4
15. Structural balance		-3.4	-3.2	-2.5

Source: 2014 CSO; 2015-2016 Department of Finance forecasts.



### **Box 1: The Excessive Deficit Procedure in Ireland**

In April 2009, the Council adopted a decision under art. 126(6) of the Treaty that, for the first time, an excessive deficit existed in Ireland and adopted recommendations under art. 126(7) that Ireland correct its excessive deficit by 2013. In December 2010, as part of the joint EU - IMF programme of financial assistance, the Council adopted revised recommendations to Ireland and extended the deadline to 2015 for correction of the excessive deficit.

The December 2010 recommendations included annual ceilings for the headline deficit in order to ensure correction of the excessive deficit in a timely manner. The headline balance has been inside the ceiling each year since the recommendations were adopted by the Council. For 2015, a general government deficit of 2.1 per cent of GDP is now projected, consistent with the correction of the excessive deficit in the time horizon set by the Council.

**Table 3(b): General government debt developments**

<i>% of GDP</i>	<b>2014</b>	<b>2015</b>	<b>2016</b>
1. Gross debt	107.5	97.0	92.8
2. Change in gross debt	-12.5	-10.5	-4.2
<b>Contributions to change in gross debt ratio</b>			
3. Primary balance	0.1	1.1	1.7
4. Interest expenditure	D.41	-3.2	-3.0
5. Stock-flow adjustment	-10.3	-1.8	0.2
<b>Composition of stock-flow adjustment</b>			
- Change in cash	-4.7	-0.6	0.0
- Differences between cash and accruals <sup>b</sup>	0.1	0.4	0.4
- Net accumulation of financial assets <sup>c</sup>	0.2	-0.6	-1.1
<i>of which:</i>			
- Privatisation proceeds			
- Valuation effects and other <sup>d</sup>			
<b>Implicit interest rate on debt <sup>e</sup></b>	3.5	3.3	3.2
<b>Other relevant variables</b>			
Liquid financial assets <sup>f</sup>	14.7	13.2	12.5
Net financial debt	92.8	83.7	80.3

Source: Department of Finance

Notes:

(a) As defined in Regulation (EC) No 479/2009.

(b) The differences concerning interest expenditure, other expenditure and revenue could be distinguished when relevant or in case the debt-to-GDP ratio is above the reference value.

(c) Liquid assets (currency), government securities, assets on third countries, government controlled enterprises and the difference between quoted and non-quoted assets could be distinguished when relevant or in case the debt-to-GDP ratio is above the reference value.

(d) Changes due to exchange rate movements, and operation in secondary market could be distinguished when relevant or in case the debt-to-GDP ratio is above the reference value.

(e) Proxied by interest expenditure divided by the debt level of the previous year.

(f) Liquid assets are here defined as AF.1, AF.2, AF.3 (consolidated for general government, i.e. netting out financial positions between government entities), A.F511, AF.52 (only if quoted in stock exchange).

**Table 3(c): Contingent liabilities**

<i>% of GDP</i>	2013	2014
Public guarantees	31.2	13.3
<i>of which linked to the financial sector</i>		
Eligible Liabilities Guarantee	11.2	5.4
Exceptional Liquidity Assistance	0	0
National Asset Management Agency	19.3	7.2
other	0.7	0.7

Source: Department of Finance

**Table 4: Expenditure and revenue projections on a no-policy change basis**

<i>% of GDP</i>	ESA Code	2015	2016
1. Total revenue at unchanged policies	TR	33.0	32.0
<b><i>of which:</i></b>			
1.1. Taxes on production and imports	D.2	10.6	10.4
1.2. Current taxes on income, wealth, etc	D.5	12.9	12.8
1.3. Capital taxes	D.91	0.2	0.2
1.4. Social contributions	D.61	5.5	5.4
1.5. Property income	D.4	1.3	0.9
1.6. Other		2.5	2.3
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		29.4	29.1
2. Total expenditure at unchanged policies	TE <sup>3</sup>	35.1	32.9
<b><i>of which:</i></b>			
2.1. Compensation of employees	D.1	9.3	8.8
2.2. Intermediate consumption	P.2	4.6	4.2
2.3. Social payments	D.62 D.632	13.4	12.6
of which unemployment benefits		1.6	1.4
2.4. Interest expenditure	D.41	3.2	3.0
2.5. Subsidies	D.3	0.9	0.9
2.6. Gross fixed capital formation	P.51g	2.0	1.9
2.7. Capital transfers	D.9	0.5	0.5
2.8. Other		1.2	1.2

Source: Department of Finance forecasts.

Rounding can affect totals

**Table 5(a): Expenditure and revenue targets, broken down by main components**

% of GDP	ESA Code	2015	2016
1. Total revenue target	TR	33.0	31.9
<i>of which:</i>			
1.1. Taxes on production and imports	D.2	10.6	10.5
1.2. Current taxes on income, wealth, etc.	D.5	12.9	12.7
1.3. Capital taxes	D.91	0.2	0.2
1.4. Social contributions	D.61	5.5	5.3
1.5. Property income	D.4	1.3	0.9
1.6. Other		2.5	2.3
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		29.4	29.0
2. Total expenditure target	TE <sup>3</sup>	35.1	33.2
<i>of which:</i>			
2.1. Compensation of employees	D.1	9.3	8.9
2.2. Intermediate consumption	P.2	4.6	4.3
2.3. Social payments	D.62, D.632	13.4	12.6
of which: unemployment benefits		1.6	1.4
2.4 Interest expenditure	D.41	3.2	3.0
2.5. Subsidies	D.3	0.9	0.9
2.6. Gross fixed capital formation	P.51g	2.0	1.9
2.7. Capital transfers	D.9	0.5	0.5
2.8. Other		1.2	1.2

Source: Department of Finance forecasts

Rounding can affect totals

**Table 5(b): Amounts to be excluded from the expenditure benchmark**

	2014	2014	2015	2016
	€bn		% of GDP	
1. Expenditure on EU programmes fully matched by EU funds revenue	0.4	0.2	0.2	0.2
2. Cyclical unemployment benefit expenditure*	0.0	0.0	-0.1	-0.2
3. Effect of discretionary revenue measures**	1.2	0.6	-0.2	-0.3
4. Revenue increases mandated by law	n.a.	n.a.	n.a.	n.a.

\*The cyclical component of unemployment benefit expenditure is derived by applying a projected cost per person employed to an estimate of the unemployment gap (i.e. difference between the actual and structural unemployment rates). The latter is the estimated NAWRU consistent with the harmonised EU methodology.

\*\*This captures the multi-annual impact of all discretionary revenue measures enacted in all budget announcements to date (not just those in excess of 0.05% GDP)

**Table 5(c) Discretionary measures taken by General Government\***

Measures	Detailed description	Target	Accounting	Adoption	Budgetary Impact (% GDP)		
		ESA Code	principle	Status	2015	2016	2017***
<b>Revenue Measures</b>							
Carryforward	Income Tax, Stamp duties, CT, VAT and CAT		Cash	Implemented		-0.2%	0.0%
Personal Income Tax*	a number of changes to the Universal Social Charge and PRSI systems*	D.51 / D.61	Cash	Legislation pending		-0.3%	-0.1%
Other Tax changes	a number of changes to CT, CGT, CAT, excise and stamp duties and minor income tax changes.*	D5, D21, D51, D91, D29	Cash	Legislation pending		-0.1%	-0.1%
Other Discretionary measures*	1) excise increases and 2) compliance measures*.	D.21, D.51	Cash	Legislation pending	0.0%	0.1%	0.0%
	Non-Indexation of tax system		Cash	Implemented		0.1%	0.0%
	Other		Cash	Legislation pending		0.0%	0.0%
<b>Expenditure measures</b>							
	Pay Policy		Cash	Legislation pending		-0.1%	-0.1%
	Social Protection Measures		Cash	Legislation pending		-0.1%	0.0%
<b>Total Measures **</b>						<b>-0.5%</b>	<b>-0.2%</b>

\* See appendix 1 -summary of tax measures

\*\* The discrepancy in the reconciliation between the no-policy change scenario, the impact of discretionary measures and the final budget tables can be explained by second round effects arising from the introduction of the budgetary package. This is not included in the table above.

\*\*\* 2017 only reflects the impact of any carry forward from measures introduced in previous years or announced in Budget 2016.

## Section 3

### Comparison with April 2015 Stability Programme

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Table 6 below compares the projection for the general government balance in the Draft Budgetary Plan with that at the time of the April 2015 Update of Ireland’s Stability Programme.

The fiscal performance and outlook is better than envisaged when the Stability Programme was submitted to the European Commission in April.

**Table 6: Divergence from the April Stability Programme**

% GDP	ESA Code	2014	2015	2016
GGB – April Stability Programme		-4.1	-2.3	-1.7
GGB – Draft Budgetary Plan		-3.9	-2.1	-1.2
Difference (pp)		0.2	0.2	0.5

## Section 4

### Distributional impact of the main budgetary measures

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Article 6(3) of Regulation 473/2013 requires Member States, where possible, to provide information (either qualitative or quantitative) on the distributional effects of budgetary measures. Material on the Effect of Budget 2016 Measures on Different Categories of income earners is presented in the Budget and some of it is reflected in this section.

The full document is available at:

<http://budget.gov.ie/Budgets/2016/Documents/Taxation%20Annexes%20to%20the%20Budget%20Measures%202016.pdf>

The Departments of Finance, Public Expenditure and Reform and Social Protection conduct distributional assessments of proposed tax and welfare measures in line with the Government's commitment to undertake a Social Impact Assessment (SIA) of the Budget. An extensive volume of distributional analysis of various tax and social welfare options has been carried out by the three Departments in the lead-up to the Budget. These analyses are in addition to the comprehensive social impact assessment document that the Department of Social Protection publishes in the months following the Budget.

#### **Impact of Budget 2016 Income Tax and USC Changes for Different Categories of Married/Civil Partners and Single Income Earners**

The table below shows the impact on net income of changes in Income Tax and Universal Social Charge for various categories of income earners. Family Income Supplement payments are included in the calculations, where relevant. This includes Child Benefit where relevant. The calculations are based on specimen incomes with the basic tax credits including the home carer tax credit, where relevant. The examples do not take account of additional tax reliefs such as Mortgage Interest Relief. The examples do not take into account gross wage increases arising from the increase to the Minimum Wage announced in Budget 2016. Variations can arise due to rounding.

	Single person, no children, private sector employee taxed under PAYE Full rate PRSI contributor	Married couple, one income, no children, private sector employee taxed under PAYE Full rate PRSI contributor	Married couple, one income, two children, private sector employee taxed under PAYE Full rate PRSI contributor Including Family Income Supplement and Child Benefit	Single person, no children, taxed under Schedule D	Married couple, one income, no children, taxed under Schedule D	Married couple, one income, two children, taxed under Schedule D Including Child Benefit
Gross Income	Change as % of Net Income					
€	%	%	%	%	%	%
13,000	0.50%	0.50%	1.40%	5.40%	0.50%	1.20%
15,000	0.50%	0.50%	1.40%	4.90%	0.50%	1.10%
17,542	0.50%	0.50%	1.40%	4.40%	1.80%	1.10%
20,000	2.70%	2.60%	2.10%	4.30%	3.90%	1.20%
25,000	1.10%	1.00%	1.40%	3.90%	3.60%	4.30%
35,000	1.30%	1.30%	1.80%	3.50%	3.30%	3.80%
45,000	1.60%	1.40%	1.90%	3.40%	3.10%	3.60%
55,000	1.80%	1.60%	2.10%	3.40%	3.10%	3.50%
70,000	2.00%	1.90%	2.20%	3.30%	3.10%	3.40%
100,000	1.50%	1.40%	1.70%	2.50%	2.40%	2.70%
150,000	1.10%	1.00%	1.20%	1.80%	1.70%	2.00%
175,000	0.90%	0.90%	1.10%	1.60%	1.50%	1.80%



## Section 5

### CSRs/Union's Strategy for growth and jobs

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Ireland fully participated in the European Semester for the first time earlier this year, and in June received Country Specific Recommendations (CSRs) endorsed by the European council. The CSRs for Ireland are available at:

[http://ec.europa.eu/europe2020/pdf/csr2015/csr2015\\_council\\_ireland\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2015/csr2015_council_ireland_en.pdf)

Table 7(a) summarises measures, taken in the context of Budget 2015, the Expenditure Report 2015 or through other processes, address the CSRs.

*Europe 2020* was adopted by the European Council in June 2010 and, in a nutshell, is the growth strategy for the Union over the period to the end of this decade. The strategy is aimed at promoting smart, sustainable and inclusive growth in the EU. Five headline targets for 2020 have been set at the level of the EU as a whole, covering employment, research and development, climate change, education and poverty. All EU Member states have committed to achieving Europe 2020 targets and have translated them into national targets.

Table 7(b) shows the Irish national targets and the most important policy measures that are being taken in order to achieve the targets set within the framework of the European Union's Strategy for Growth and Jobs.

**Table 7(a): CSR Recommendations**

Country Specific Recommendation	Progress to Date
<b>CSR 1.</b>	
1. Ensure a durable correction of the excessive deficit in 2015.	Ireland is on track to comfortably correct the excessive deficit this year with a forecast deficit of 2.1% of GDP.
Achieve a fiscal adjustment of 0.6 % of GDP towards the medium-term budgetary objective in 2016. Use windfall gains from better-than-expected economic and financial conditions to accelerate the deficit reduction and debt reduction.	Budget 2016, the first under the preventive arm of the Pact, is framed to ensure compliance with the SGP and achievement of the MTO over the forecast horizon. Indeed, the pace of correction of the structural balance exceeds the minimum required by the Council with a forecast improvement in 2016 of 0.8% of GDP. Debt is forecast to be 97% of GDP by the end of 2015, down from a peak of 120% in 2012, and to continue to decline thereafter with upside from the sale of banking assets expected to accelerate the reduction of the debt ratio.
Limit the existing discretionary powers to change expenditure ceilings beyond specific and predefined contingencies.	Multi Annual Expenditure Ceilings are in place as per the Ministers and Secretaries (Amendment) Act 2011. These are set to ensure compliance with SGP obligations and may only be amended if the changes are in compliance with the SGP obligations.
Broaden the tax base and review tax expenditures, including on value-added taxes.	A number of reviews on tax expenditures are progressing. Broader reviews are also being undertaken, including a review on the tax system and entrepreneurship.

Country Specific Recommendation	Progress to Date
CSR 2	
Increase cost-effectiveness of healthcare system	Savings of over €410m are being delivered as part of the State's existing price reduction agreement with the proprietary manufacturers represented by the Irish Pharmaceutical Healthcare Association (IPHA) which runs until end of October 2015. In line with the existing HSE Medicines Management Programme, consideration is being given to a range of options available to the State in seeking to deliver further savings on the cost of drugs. Such options include entering into a new Agreement with IPHA, as well as the possibility of using the legislative powers afforded to the HSE under the Health (Pricing and Supply of Medical Goods) Act 2013 to review and alter prices.
Roll out activity-based funding throughout the public hospital system.	The Activity Based Funding (ABF) Implementation Plan identifies 2016 as the conversion year for ABF. Preparation for roll-out of ABF throughout the public hospital system is well under way and actions to date include: publication by the Health Service Executive of an ABF Implementation Plan for 2015 - 2017; establishment of appropriate governance arrangements for the ABF programme; achievement of major improvements in hospital activity coding; undertaking of a benchmarking exercise looking at hospital costs; and significant mobilisation and strengthening of clinical engagement with the Programme.

Country Specific Recommendation	Progress to Date
<b>CSR 3</b>	
Tackle low work intensity	<p>In 2015 the Government has introduced the Back to Work Family Dividend. This payment allows an unemployed or lone parent family to keep the Qualified Child Increase payment of €29.80 per week in full for the first 12 months and at 50% for the following 12 months after transitioning from unemployment into work. In addition, the Housing Assistance Payment scheme is currently being rolled out across Ireland. This will remove one of the primary disincentives to return to employment by providing a tapered increase in rent payable as people return to work rather than a complete loss of rental support as income goes up.</p>
	<p>In 2016 the earnings disregard for those in receipt of the Jobseekers Transitional Payment will increase from €60 to €90 per week, and the balance of any income will be assessed at 50% instead of 60%. This measure directly responds to some of the existing barriers for lone parents to reach sustainable employment. Also in 2016 the Family Income Supplement (FIS) income thresholds will be increased by €5 for families with one child and €10 for families with two or more children.</p>
Better access to affordable childcare	<p>Budget 2016 provides for an additional investment of €85m in childcare. This includes the extension of the Early Childhood Care Education (ECCE) Programme to cater for children from 3 years until they start primary school or reach 5 and a half years, whichever is the sooner. This represents up to an additional 50 weeks of free pre-school education. In the context of sustainability and quality in the childcare sector, the capitation rates for the ECCE Programme have been restored and further quality measures are being introduced. Budget 2016 also provides supports to children with disabilities so that they can enrol and meaningfully participate in the ECCE Programme. In addition to developments in the ECCE Programme, an additional 8,000 places are being provided under the Community Childcare Subvention Scheme, which supports parents in low paid employment, training and education. Funding has also been provided for the development of after-school care in school and other community premises and work is to commence on developing a single Affordable Childcare Programme, providing a new simplified childcare subsidy programme</p>

Country Specific Recommendation	Progress to Date
<b>CSR 4</b>	
Finalise restructuring solutions for mortgages in arrears and strengthen monitoring	The Central Bank's approach, within the Single Supervisory Mechanism (SSM), to non-performing loan resolution (including mortgage arrears resolution) continues to be both intensive and intrusive. Furthermore, the Central Bank continues to monitor and challenge banks' progress in concluding sustainable solutions for distressed borrowers. The recently published Q2 2015 Mortgage Arrears and Repossessions Statistics show that over 118,500 PDH mortgage accounts were classified as restructured at end-June and of these restructured accounts, 86.3 per cent were deemed to be meeting the terms of their current restructure arrangement, highlighting continued progress in this area.
Restructuring solutions for loans to distressed SMEs	Good progress has been in reducing the level of NPLs for non-retail portfolios (including commercial real estate) retained by the banks. Over the 18-month period to June 2015, the banks have reduced NPLs for these portfolios by c. €12bn (37%).
Ensure Central Credit Registry is operational by 2016	Pursuant to the Credit Reporting Act 2013, the Central Bank of Ireland (Bank) is responsible for the establishment and operation of the central credit register (CCR). Earlier this year, the Bank entered into an agreement with a service provider to establish and operate the CCR.
	In preparation for the implementation process, the Bank has undertaken a number of initiatives: a series of workshops with credit information providers (CIPs) and their representatives have been held, a public consultation document was issued on certain aspects of the CCR implementation process and a service provider was appointed to undertake a Privacy Impact Assessment of the data that will be collected for the CCR.
	As previously stated, the implementation will be phased and it is expected that CIPs will provide consumer data to the CCR from mid-2016 onwards.

<b>TARGET 1: EMPLOYMENT</b>	
<b>Headline Target: 69 - 71 % of the population aged 20-64 to be employed</b>	
<b>Labour Market Activation</b>	
<i>Action Plan for Jobs 2015</i>	The Action Plan for Jobs 2015 contains 382 time-bound Actions targeting a number of objectives, including the activation of the unemployed. Work has begun on the 2016 Plan which will build on the successful whole-of-Government format of previous Action Plans.
<i>Increased engagement with, and training of, the long-term unemployed as part of the labour market activation reforms included in the Pathways to Work Strategy</i>	Pathways to Work and the Youth Guarantee are implemented through more intensive engagement with jobseekers, such as individual and group engagement sessions for all jobseekers, and the provision of employment supports through the Intreo service.
<i>Implementation of Pathways to Work Strategy 2016-2020</i>	The Pathways to Work Strategy 2016-2020 will frame the priorities for activation and employment policy for the next four years.
<i>Total of 6000 places on JobsPlus scheme</i>	JobsPlus incentivises employers to employ the long-term unemployed.
<i>Total of 30,000 places on Community Employment, TÚS, JobBridge and the Local Government Social Employment Scheme</i>	The Community Employment, TÚS, JobBridge and the Local Government Social Employment Schemes provide work placement for Jobseekers. In 2016, there will be 17,500 starters, of which 16,000 will be LTU starters.
<i>Public benchmarking of Intreo centres</i>	The benchmarking of Intreo centres will ensure delivery of targets to help jobseekers return to work.
<i>Progress PtW Evaluation Plan 2015 to 2017.</i>	The Pathways to Work Evaluation Plan sets out the list of evaluation projects prioritised by the Department of Social Protection for completion over the period 2015 to 2017, either in-house or through contractual arrangements.
<b>Further Education and Training</b>	
<i>On-going implementation and development of the Further Education and Training Strategy 2014-2019</i>	Published in 2014, the FET strategy sets out a five year framework to transform the FET sector and to provide the focus for annual funding and investment priorities. As noted in the Expenditure Report published with Budget 2016, the budgetary and estimates decisions mean that the provision of 270,000 Further Education and Training places will be maintained during 2016, including through Solas and the Education and Training Boards
<i>2015 FET Services Plan</i>	The second service plan published under the strategy provides the first integrated services plan for FET, setting out who will deliver it, when and where it will be delivered, costs, outputs in terms of completion and certification rates and/or progression to higher education and placement into employment.
<i>Provision of FET to skill, re-skill or upskill unemployed persons that will equip them to participate in the labour market.</i>	Early identification of FET related skill needs and skill deficits was an essential aspect informing the 2015 Services Plan with input provided from management and staff in FET centres and locations who have direct contact with learners, employers and other stakeholders.
<b>New Apprenticeship Programme</b>	The Apprenticeship Council assigned Category 1 status to 25 new programmes in July 2015, meaning they are both sustainable and ready to enter a detailed planning and development stage. It is expected that many of the new apprenticeships will become available in 2016.

<b>Skillnets</b>	Skillnets funds and facilitates training through over 60 networks of private sector companies under the Training Networks Programme (TNP), in a range of sectors and regions across the country. The networks identify their own common training needs typically on a regional or sectoral basis. In 2015, Skillnets will provide training and related services to 42,000 individuals, of which 8,000 are unemployed or work in a part time capacity.
<b>Skills to Work Campaign</b>	The Skills to Work campaign represents a coordinated approach to presenting information on a single platform, to employers and jobseekers alike, on the range of education and training initiatives that are available to them to participate in. It includes information on Momentum, Springboard, JobPlus, JobBridge and Skillnets
	Along with the on-line tool, Jobs Ambassadors promoting the information campaign, are meeting directly with jobseekers and employers. Funding has also been provided for the roll out of an online media campaign.
<b>Pathways to Work</b>	Under the Pathways to Work initiative, the Department of Education and Skills will make a range of Further Education and Higher Education Programmes available to meet the needs of the long term unemployed.
<b>Regional Skills Fora</b>	The Department of Education and Skills is leading a project to create a network of 9 regional skills fora to foster greater engagement between the education and training system, employers and other stakeholders in building the skills needs of their regions.
<b>National Skills Strategy</b>	The Department of Education and Skills is developing a new National Skills Strategy for the period 2015-2025 which will incorporate education and training policy at every level of the system. As part of the process, it will review the implementation of the <i>Tomorrow's Skills, Towards a National Skills Strategy</i> , published in 2007.
	The Department will shortly publish a detailed consultation paper, setting out the current position, with regard to progress under the 2007 strategy and inviting submissions on the development of the new skills strategy to inform the priorities and architecture of the new strategy going forward.
<b>Higher Education – Springboard</b>	Under the Springboard initiative, which was designed to help reskill people who lost their jobs as a result of the recession, up to <b>30,000 places</b> will have been funded by the end of 2015, supported by a <b>€105million investment</b> from the Exchequer.
	<b>5,000</b> of these places were prioritised in 2015 for <i>long term unemployed</i> and <i>young jobseekers</i>
	The programme has been continually evaluated since it began in 2011 and most recent trend analysis shows that:
	A survey of all graduates 2011-2014, indicates that within two years of completing a Springboard course, 60% of respondents are employed or self-employed, with progress to employment steadily increasing over time
	95% of respondents' jobs are in Ireland and 49% are located outside Dublin. The quality of employment is also improving, with 85% of respondents employed full-time and 62% in managerial or professional roles.

<b>TARGET 2: Research and Development (R&amp;D)</b>	
<b>Headline Target: Approximately 2% of GDP (2.5 % of GNP) to be invested in R&amp;D</b>	
<b>Strategy</b>	A new national Strategy for Science, Technology and Innovation will be published in late November 2015.
<b>Science Foundation Ireland</b>	Science Foundation Ireland is maintaining supports to over 20 research centres and to a cohort of 2,800 researchers who are involved in over 1,200 industry collaborations.
<b>Increase in investment</b>	Ireland has increased its investment in R&D over the past decade while also introducing a range of measures to improve commercialisation of research and build strong linkages between the higher education sector and enterprise.
<b>Research Intensity</b>	GERD (Gross Expenditure on R&D) increased from €1,637 million in 2003 to an estimated €2,842 million in 2014 (+73%). Within this, HERD (Higher Education R&D) increased from €378 million in 2002 to an estimated €640 million in 2012 (+69%) although there has been a contraction from a peak of €750 million in 2008.
<b>R&amp;D Supports</b>	Enterprise Ireland and IDA Ireland will invest in a range of R&D supports to companies, including Innovation Vouchers, Technology Centres, and the Scaling up of the Health Innovation Hub.
	In 2015, it was announced that an income based tax regime for intellectual property would be introduced in Ireland and known as the Knowledge Development Box ('KDB'). To incentivise substantive R&D and innovation, the Government will introduce the KDB in the 2015 Finance Bill.



<b>TARGET 3: Climate Change and Energy</b>	
<b>3(a) Greenhouse Gas (GHG) Emissions</b>	
<b>Headline Target: 20% reduction in Carbon Emissions relative to 2005</b>	
<b>Implementation of National Communication Plan</b>	Continued implementation of the policies and measures published in Ireland's Sixth National Communication to the United Nations Framework on Climate Change
<b>Continued development of the National Mitigation Plan.</b>	The primary objective of the National Mitigation Plan will be to track implementation of measures already underway and identify additional measures within the longer term to reduce greenhouse gas emissions and progress the overall national low carbon transition agenda to 2050.
<b>3(b) Renewable Energy</b>	
<b>Headline Target: 16 % of total energy consumption from renewable sources</b>	
	Ireland is committed to meeting 40% of electricity demand, 12% of heat and 10% of transport (mandatory for all Member States) from renewables. At the end of 2014, provisional figures indicate that 7.8% of Ireland's energy came from renewable sources: electricity 22.6%, heat 6.6%; transport 3.1% (or 5.2% when allowing for double certification).
	Achieving the level of renewable energy in heat and transport remains challenging. The deployment of sustainable biofuels will be the main mechanism to help achieve the transport target. In 2014 a Draft Bioenergy Plan was published which identifies key policy actions for the use of bio-energy resources which should assist Ireland in closing the gap to target on renewable heat.
<b>3(c) Energy Efficiency</b>	
<b>Headline Target: to move towards 20% increase in Energy Efficiency</b>	
<b>National Energy Efficiency Action Plan</b>	The third National Energy Efficiency Action Plan remains the blueprint for detailing the range of actions that are in progress or will be taken to ensure Ireland meets its commitment to a 20% reduction in primary energy relative to 2005. Ireland achieved 13,830 GWh of energy saving at end-2013, which represents 43% of the national target. As noted in the last update, there are significant challenges in driving efficiency action in both the commercial and domestic sectors. Government policy will continue to focus on the progressive elimination of barriers to investment in energy efficiency, combined with initiatives to demonstrate the value of energy efficiency to businesses, householders and the public sector
<b>Energy Efficiency Fund</b>	Effective implementation of the Energy Efficiency Directive
<b>National Energy Services Framework</b>	Progressive elimination of barriers to energy efficiency pursuant to the National Energy Efficiency Action plan outlined above.

<b>TARGET 4: Education</b>	
<b>4(a) Early Leaving from Education and Training</b>	
<b>Headline Target: Reduce percentage of 18-24 year olds with secondary education and not in further education to 8%</b>	
<b>Progress towards target</b>	<p>The EU2020 headline target for this category is <b>10%</b>. The national target set by Ireland is <b>8%</b>. The EU average is currently <b>12%</b>.</p> <p>Ireland's current share of early school leavers (i.e. 18-24 year olds with at most lower secondary education and not in further education and training) fell from <b>10.8% in 2011 to 9.7% in 2012 and 8.4% in 2013</b>, representing very positive progress towards achievement of our 8% target.</p> <p>A number of measures have been put in place to support achievement of the target.</p>
<b>Implementation of DEIS Programme</b>	<p><b>Delivering Equality of Opportunity in Schools (DEIS)</b> introduced in 2006 is the main policy initiative to address educational disadvantage, including early school leaving. DEIS targets those schools serving the most disadvantaged communities in the country – with 836 participating schools in 2015/16. DEIS provides access to a range of additional supports for participating primary and second-level schools including:</p> <ul style="list-style-type: none"> <li>· Reduced pupil teacher ratio in primary schools in urban areas with most disadvantage</li> <li>· Access to the Department of Social Protection's School Meals Programmes</li> <li>· Access to literacy/ numeracy supports and measures at primary level</li> <li>· Access to TUSLA Home School Community Liaison services and School Completion Programme</li> <li>· Access to the Junior Certificate School Programme and the Leaving Certificate Applied Programme</li> <li>· Access to a range of professional development services</li> </ul> <p>Research undertaken to date provides clear evidence that the DEIS programme is having a positive effect on tackling educational disadvantage</p>
<b>Review of DEIS programme currently underway</b>	<p>The <b>Consolidated Report on the Learning from the Evaluation of DEIS</b> commissioned in 2014 by the Minister for Education and Skills was published in April 2015. The Report draws together the learning from the ongoing evaluation of the DEIS programme. A Review of the DEIS programme is currently underway.</p>
<b>Role of Tusla</b>	<p>Key statutory functions in relation to school attendance, participation and retention under the Education (Welfare) Act 2000 are undertaken by <b>TUSLA</b> on behalf of the Minister for Children and Youth Affairs. TUSLA's new model of service delivery– <i>One Child One Team One Plan</i>, currently in development, aims to improve delivery of educational welfare services to children and families to make further gains in participation in education.</p>

## 4(b) Tertiary Education

**Headline Target: At least 60% of 30-34-year-olds should complete third level education**

### **Continued investment in Third-Level Education to meet increased student numbers**

Ireland is aiming to have 60% of the 30-34 year old population with a tertiary level qualification by 2020. The latest Eurostat data shows that Ireland's current tertiary attainment rate for 30-34 year olds was 52.2% in 2014, down slightly from 52.6% in 2013. Up to 2013, Ireland had the highest rate for this indicator of all EU28 countries. This is confirmed in the recent OECD publication Education at a Glance which placed Ireland 6th in the OECD.

Enrolments in higher education are projected to continue over the next decade as the number of school leavers continue to grow and the policies set out in the National Strategy on Higher Education are progressively rolled out. The development of a new National Access Plan for Higher Education, due to be published in November 2015, will be an important element of this.

### **Development of a new National Access Plan for Higher Education**

The new National Access Plan for Higher Education will identify new targets for widening access in the period up to 2019. The Plan is informed by 8 principles which inform 5 priority goals. The new Plan differs from the previous Access Plan in a number of important respects. For example, it recognises the importance of access policy as part of a wider social inclusion agenda across the education continuum. It also seeks to include the student voice much more centrally in the development of national and institutional access policies. It will also seek to mobilise a wider set of stakeholders than previously, including parents, teachers and local communities. The new Plan also includes a strong focus on supporting progression from Further Education and Training into Higher Education. The Plan for 2015-19 is also underpinned by a renewed focus on the importance of data collection and analysis.

**TARGET 5: Reduction of Population at Risk of Poverty**

**Headline Target: To reduce the number experiencing consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.3%.**

**Pension and Fuel Allowance Increase**

Budget 2016 provides for a Pension Increase of €3 per week and Fuel Allowance increase of €2.50 per week.

**Housing Assistance Payment (HAP)**

By end 2015 the Housing Assistance Payment (HAP) scheme will have been rolled out to 19 of the 31 local authority areas. Given the current rate of HAP take up and the application of conservative growth projections it is expected that there will be a minimum of 6,500 HAP tenancies by end 2015. Additional funding has been allocated in Budget 2016 and the target number of new HAP tenancies in 2016 is 10,000.

**Community Childcare Subvention Scheme**

In addition to developments in the ECCE Programme, Budget 2016 provides for an additional 8,000 places under the Community Childcare Subvention Scheme, which supports parents in low paid employment, training and education.

## Annex

**Table A: Methodological aspects**

Estimation Technique	Step of the Budgetary Process	Relevant features of the model	Assumptions
Demand side forecasting	In advance of endorsed and final budgetary forecasts	Iterative-analytic approach: several partial models based on various national account outputs	Technical assumptions on trading partner growth, exchange rates and commodity prices are assumed
Supply side forecasting	In advance of endorsed and final budgetary forecasts	Potential GDP is modelled as per the harmonised methodology endorsed by the EPC	Supply side variables modelled endogenously to 2021 with exception of NAWRU to 2017 in line with Commission approach with mechanical extension thereafter. Working age population projections assume CSO rate of change to 2015, DoF forecasts to 2017 and EPC-endorsed extension approach thereafter
Tax forecast	In advance of final budgetary forecasts	Iterative-analytic approach: partial models based on relationship of tax trends to macro variables	The short-term impact of the impact of tax policy changes is included

**Table B: Additional data**<sup>1</sup>

	2015	2016	2017	2018	2019	2020	2021
1. real GDP	6.2	4.3	3.5	3.2	3.1	3	2.9
2. GDP deflator:	4.6	1.8	1.2	1.2	1.2	1.2	1.2
3. potential GDP	3.4	4.1	4.3	3.8	3.3	3.2	3.5
4. output gap	2.3	2.5	1.6	1	0.8	0.6	0
5. general government balance	-2.1	-1.2	-0.5	0.2	1	1.8	2.5
6. one-off /temporary factors	-0.1	-0.1	0	0	0	0	0
7. cyclical budgetary component	-3.3	-2.5	-1.4	-0.3	0.6	1.5	2.5
8. structural budget balance	-3.2	-2.5	-1.4	-0.3	0.6	1.5	2.5

<sup>1</sup> Data for a number of variables are included here in order to facilitate calculation by the European Commission of the forward-looking component of the debt correction rule.

## Taxation Measures for Introduction in 2016

Measure	Yield/Cost 2016	Yield/Cost Full Year
<p><b>USC</b></p> <ul style="list-style-type: none"> <li>Incomes of €13,000 or less are exempt. Otherwise,</li> <li>€0 to €12,012 @ 1%</li> <li>€12,013 to €18,668 @ 3%</li> <li>€18,669 to €70,044 @ 5.5%</li> <li>€70,045 to €100,000 @ 8%</li> <li>PAYE income in excess of €100,000 @ 8%</li> <li>Self-employed income in excess of €100,000 @ 11%</li> <li>Medical card holders and individuals aged 70 years and over whose aggregate income does not exceed €60,000 will now pay a maximum rate of 3% USC.</li> </ul>	-€561m	-€772m
<p><b>Income Tax</b></p> <p>An increase in the Home Carer Tax Credit from €810 to €1,000, and increase in the home carer's income threshold from €5,080 to €7,200.</p> <p>Introduction of an Earned Income Credit of €550 to be available to taxpayers earning self-employed trading or professional income under Cases I, II and III of Schedule D and to business owner/managers who are ineligible for a PAYE credit on their salary income.</p>	-€10m	-€14m
<p><b>PRSI</b></p> <p><b>Employee's PRSI</b></p> <p>Introduction of a PRSI relief of a maximum of €12 per week. Relief commences at income of €352.01 per week, and tapers out at a rate of one-sixth of income in excess of this threshold. Relief fully tapers out as income reaches €424 per week.</p>	-€15m	-€17m

<p><b>Employer's PRSI</b></p> <p>Increase from €356.01 to €376.01 in the weekly threshold at which liability to employer's PRSI increases from 8.5% to 10.75% on all earnings.</p>	-€6m	-€7m
<p><b>Excise Duties</b></p> <p><b>Tobacco Products Tax</b></p> <p>The excise duty on a packet of 20 cigarettes is being increased by 50 cents (including VAT) with a pro-rata increase on the other tobacco products, with effect from midnight on 13 October 2015.</p> <p><b>Excise Duty Relief for Microbreweries</b></p> <p>The special relief reducing the standard rate of Alcohol Products Tax by 50% on beer produced in microbreweries will now be available upfront as well as through a rebate.</p> <p><b>Motor Tax</b></p> <p>The rate of Motor Tax is being reduced for all vehicles above 4,000kgs, with a new annual rate of €500 for vehicle between 4,000kgs and 12,000kgs and €900 for vehicles over 12,000kgs.</p>	€61.4m  -  -€43m	€61.4m  -  -€43m
<p><b>Other Income Tax</b></p> <p><b>Employment and Investment Incentive</b></p> <p>The changes announced to the EII in Budget 2015 are being commenced and the scheme is being amended to include expansion works on existing nursing homes.</p>	-	-€3m

<p><b>Incentives for Certain Aviation Services Facilities</b></p> <p>The scheme of capital allowances for the construction of facilities used in the maintenance, repair, overhaul and dismantling of aircraft is being commenced.</p> <p><b>Home Renovation Incentive</b></p> <p>The HRI is being extended until 31 December 2016.</p> <p><b>Agri-Taxation</b></p> <p>General Stock Relief, Stock Relief for Young Trained Farmers, Stock Relief for Registered Farm Partnerships and the Stamp Duty Exemption for Young Trained Farmers are being extended until 31 December 2018.</p> <p><b>Farm Succession</b></p> <p>A new farm succession transfer partnership model is being introduced, subject to EU State Aid approval.</p> <p><b>High Earners' Restriction</b></p> <p>Profits or gains from the occupation of woodlands are being removed from the high earners' restriction.</p>	<p>-</p> <p>-</p> <p>-€10m</p> <p>-</p> <p>-</p> <p>-</p>	<p>-€0.3m</p> <p>-€19m</p> <p>-€13m</p> <p>-€10m</p> <p>-€1m</p>
<p><b>Capital Acquisitions Tax</b></p> <p>The current Group A tax free threshold which applies primarily to gifts and inheritances from parents to their children is being increased by about one quarter from €225,000 to €280,000. This increase applies in respect of gifts or inheritances received on or after the 14<sup>th</sup> of October.</p>	<p>-€28m</p>	<p>-€33m</p>



<p><b>Capital Gains Tax</b></p> <p><b>CGT Entrepreneur Relief</b></p> <p>A revised Capital Gains Tax relief for entrepreneurs is being introduced from 1 January 2016 which will apply a reduced capital gains tax rate of 20% to the disposal in whole or in part of a business up to an overall limit of €1 million in chargeable gains.</p>	<p>-€25m</p>	<p>-€27m</p>
<p><b>CORPORATION TAX</b></p> <p><b>Knowledge Development Box</b></p> <p>This measure will provide a 6.25% rate of corporation tax to apply to the profits arising to certain patents and copyrighted software which are the result of qualifying R&amp;D carried out in Ireland. Full details of this measure will be contained in the Finance Bill.</p> <p><b>3 Year Relief for Start-up Companies</b></p> <p>This measure provides relief from corporation tax on trading income (and certain capital gains) of new start-up companies in the first 3 years of trading. This relief is being extended for new start-ups commencing to trade over the next 3 years.</p> <p><b>Film Relief</b></p> <p>The cap on eligible expenditure under the relief is being increased to €70 million, subject to EU State Aid approval.</p>	<p>-€31m</p> <p>-€2m</p> <p>-</p>	<p>-€50m</p> <p>-€6m</p> <p>-€10m</p>

<p><b>Stamp Duty</b></p> <p><b>Stamp Duty on combined debit / ATM cards</b></p> <ul style="list-style-type: none"> <li>Abolish the current €2.50/€5 per annum charge on ATM cards and combined (ATM &amp; debit) cards from 1st January 2016</li> <li>Introduce a new 12c ATM withdrawal fee from 1st January 2016, which would be capped at €2.50/€5 per annum per card</li> </ul>	-	-
<p><b>Miscellaneous Taxes</b></p> <p><b>Marine Taxation Measures</b></p> <p><b>Compliance measures</b></p> <p>The office of the Revenue Commissioners have received new funding for increased audit and investigation activities, which will lead to improved compliance. This is supplemented by a new debt analysis tool, which will reduce tax arrears.</p>	-	€15m
	€75m	€75m