

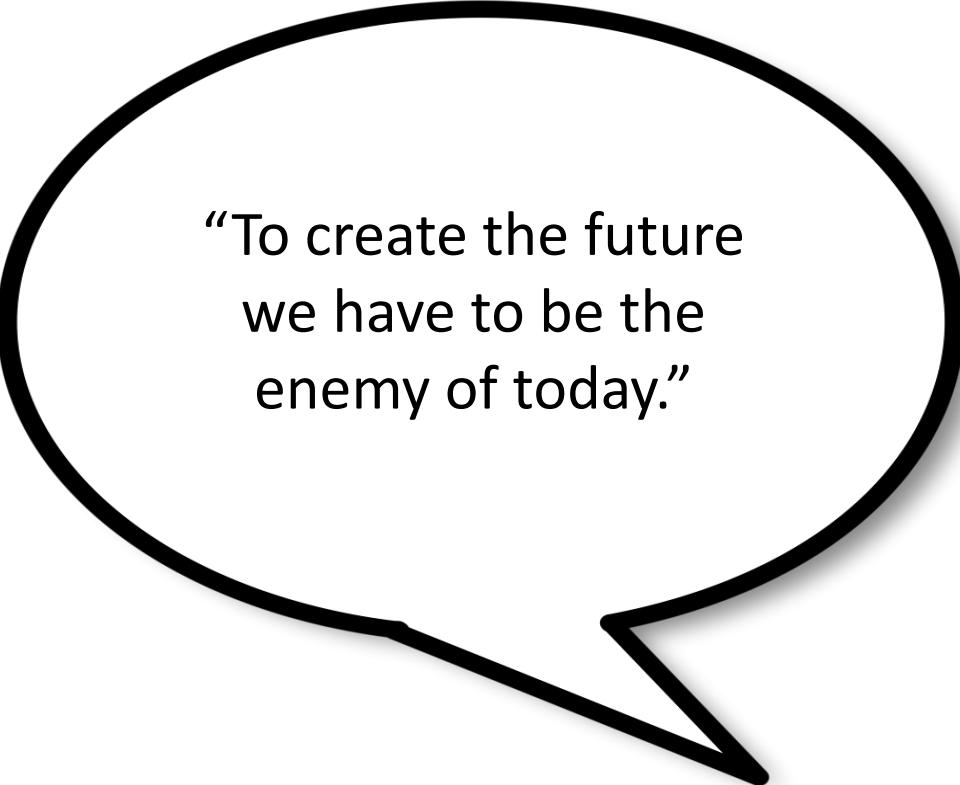
A Tax Strategy to Grow Irish Tourism

Cora O'Brien

Today's discussion

- Designing a tax policy framework
- Applying it to the tourism sector

It's about future growth

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“To create the future
we have to be the
enemy of today.”

Peter Drucker
US management consultant

Designing a tax policy framework

A 5 step approach

5 step approach

Step 1 – Apply the principles of good tax policy



Step 2 – Identify the wider socio-economic goals

Step 3 – Identify the key enablers to achieving those goals

Step 4 – Match the tax policy to these enablers

Step 5 – Design and monitor implementation of the tax policy

The Principles of Tax Policy

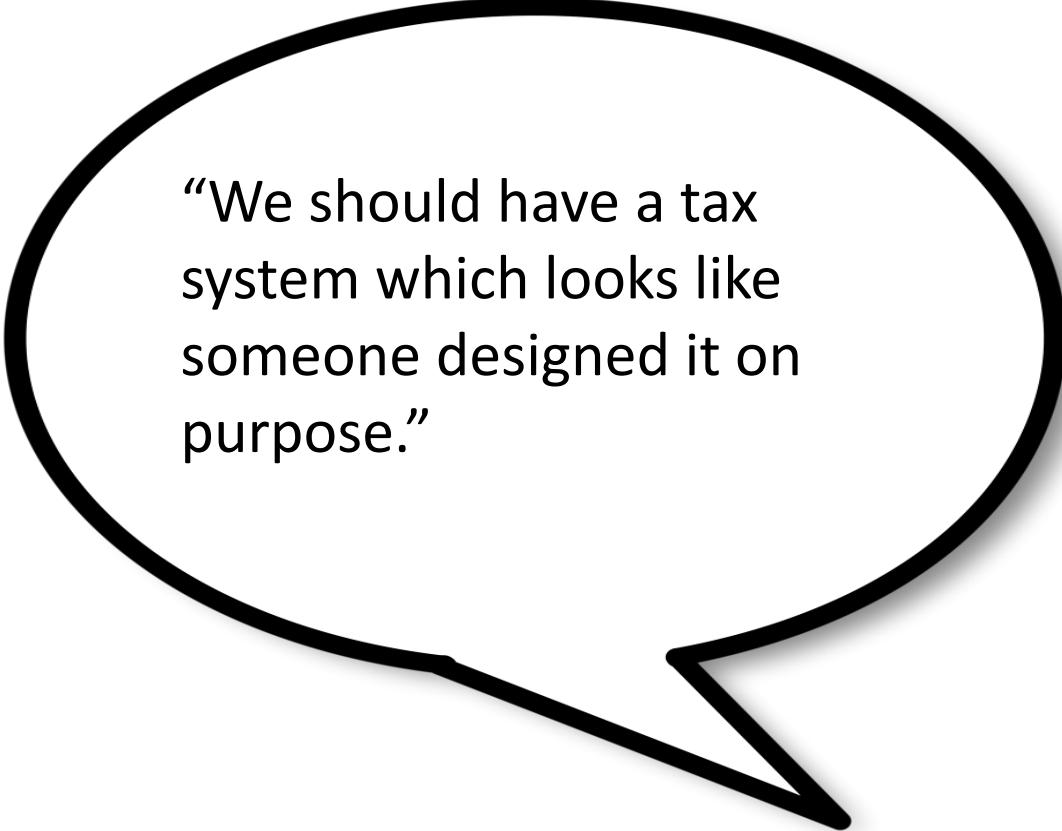
Step 1

The aim

- To collect sufficient tax revenue
- From the most effective mix of taxes available*
- To achieve the State's socio-economic objectives

* Least impact on economic growth

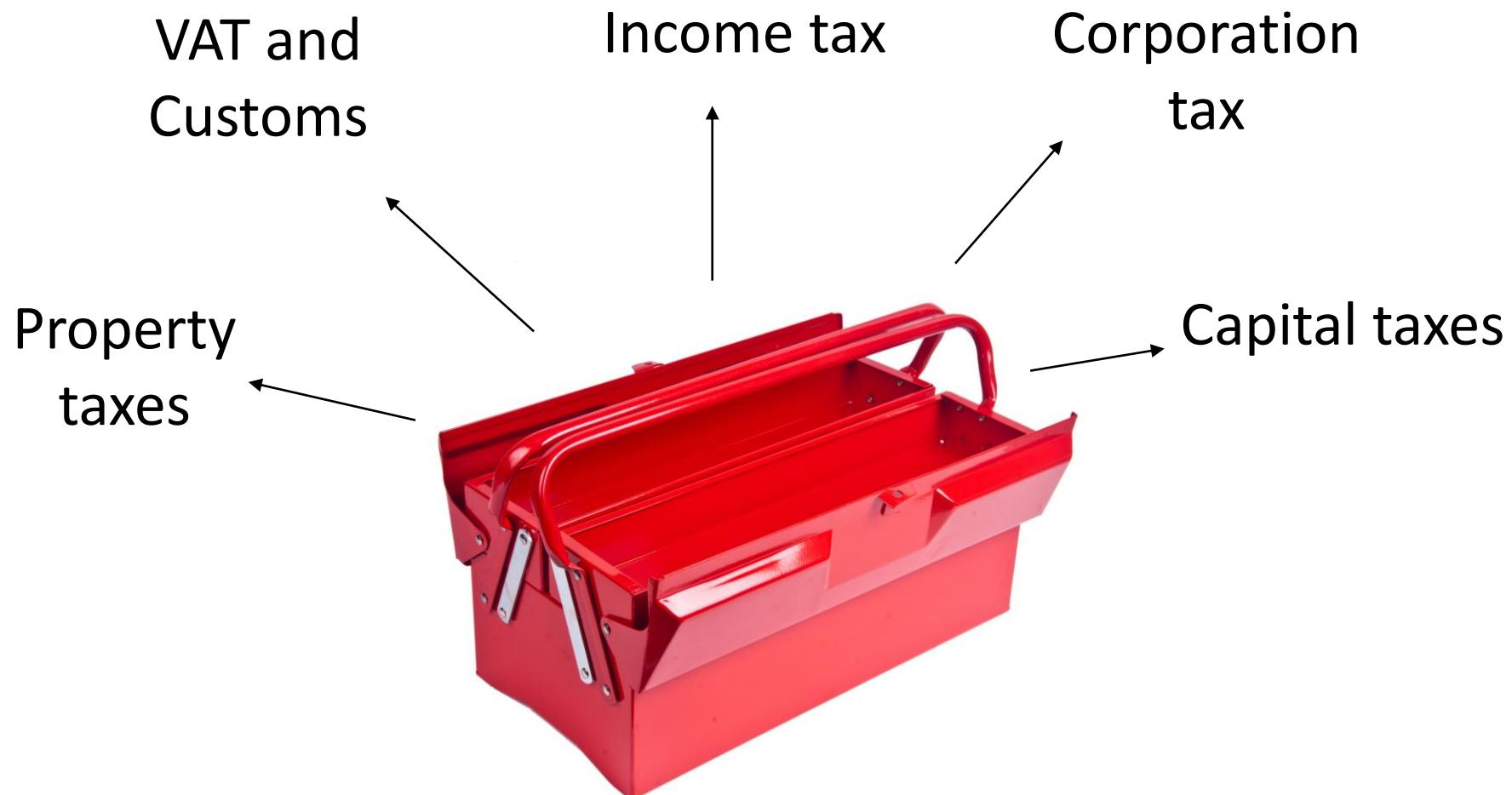
What makes a good tax system?

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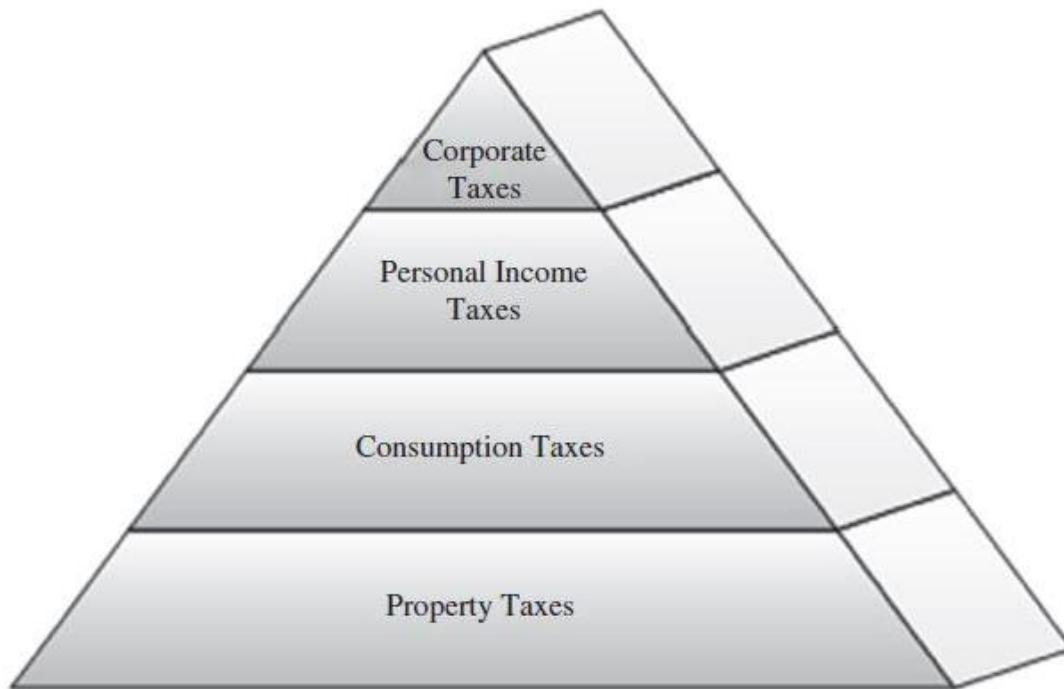
“We should have a tax system which looks like someone designed it on purpose.”

William E. Simon
Former US Treasury Secretary

The tax toolbox



Balance of taxes – the OECD hierarchy



Guiding principles in tax design

- Simplicity
- Efficiency
- Fairness

Tourism policy goals

Step 2

What are the goals/strategy for the tourism sector?

- Increasing tourism revenues?
- Increasing tourist numbers?
- Diversifying the visitor base?
- Broadening the geographical spread of visitor attractions?
- All, none or a mix of the above

Opportunities

In the next 25 years:

- **3 billion** people will join the middle classes; and
- All will be connected by SMART telephony

Some possible challenges

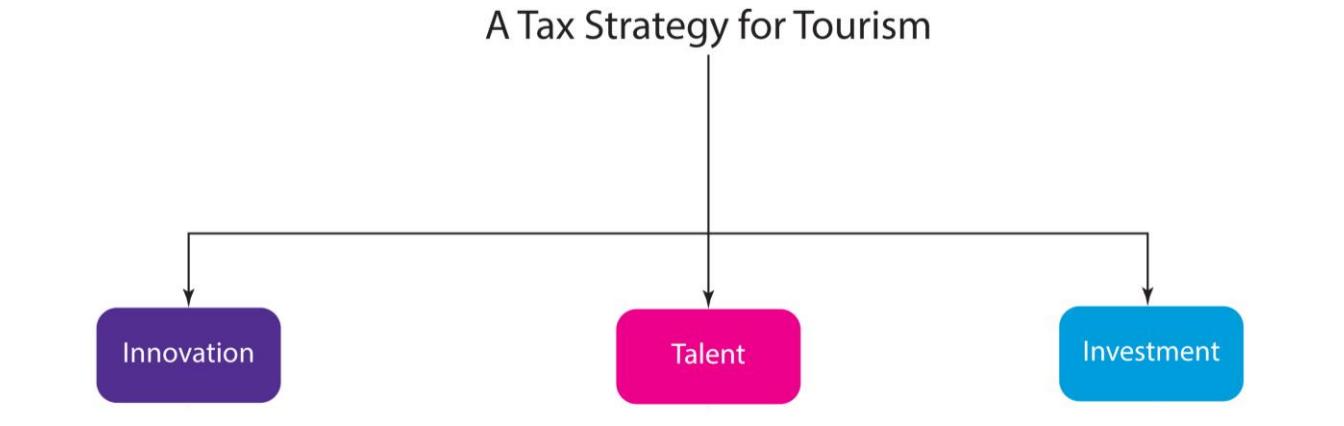
- Brexit and exchange rate risk
- Competitiveness
- New business models – e.g. the sharing economy
- Climate change
- Consolidation of ownership
- Capacity

Key Enablers for Tourism

Step 3

Tourism and Entrepreneurship

- Tourism services are provided by entrepreneurs (in the main)
- The key enablers might be:



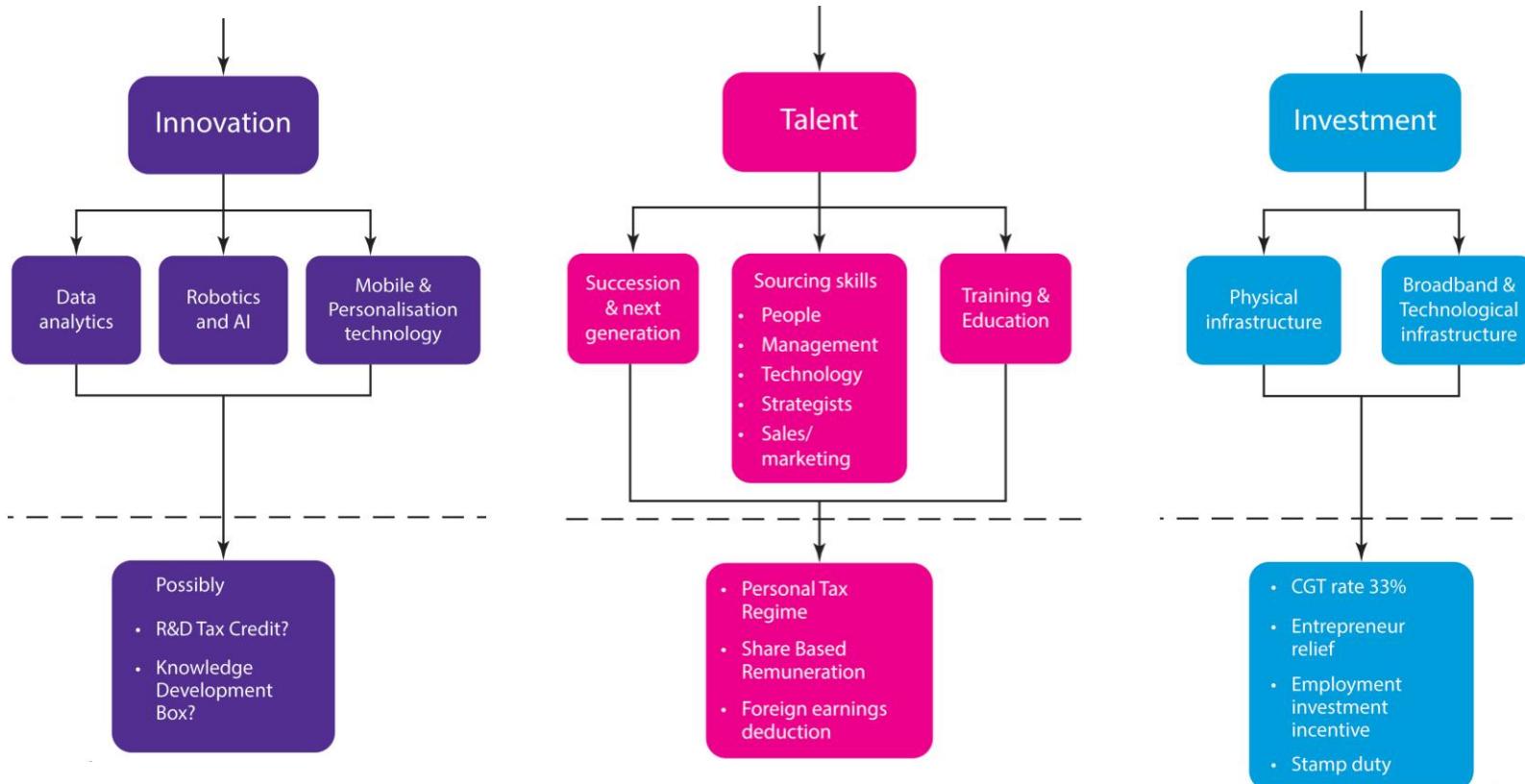
The Matching Tax Policy

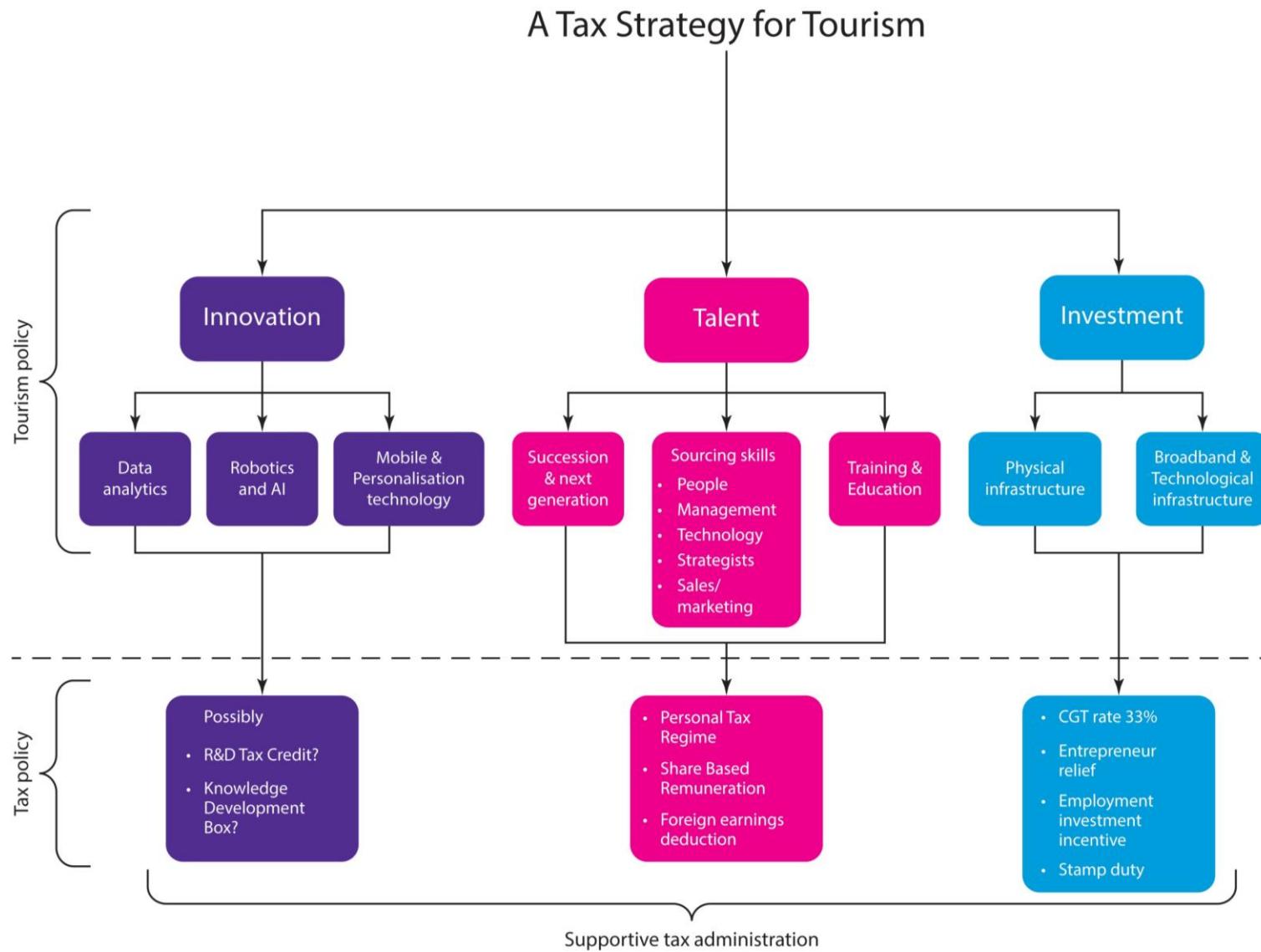
Step 4

Tax and the key enablers

- Tax policy can impact behaviour
- Therefore, it can impact key enablers

Tax and tourism





Implementation and Administration

Step 5

The crucial role of tax administration

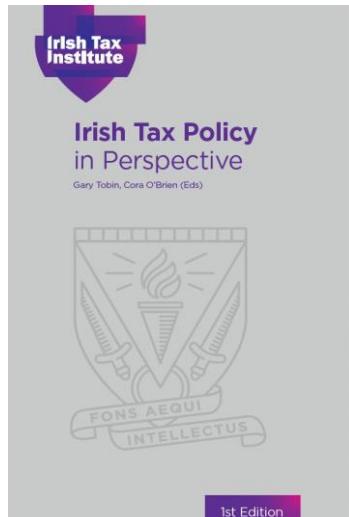
- Providing certainty
- At lowest possible compliance cost
- Across a level playing field



The process of effecting change

- Collaboration
- Stakeholder engagement
- Design of the policy outline
- Design of underpinning legislation
- Implementation planning in parallel with policy design
- Continuous assessment

For further information



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