Chambers Ireland's May 2019 submission on CGT Entrepreneurs Relief:

As a representative body, Chambers Ireland is the national voice of Ireland's largest business network, with the broadest geographic reach, active in every major town and city. Our member chambers represent a wide cross-section of industries and activities, stretching from individual sole traders right through to the largest multinational companies.

Ireland's high rates of CGT are impeding entrepreneurship and competitiveness. Comparative data from the Tax Foundation shows Ireland had the 5th highest rate of capital gains tax in the OECD in 2016. The high rate of 33% remains in place and is potentially disincentivising investment in the economy and discouraging the release of underutilised assets such as land or property.

Given the high level of vacant commercial and residential properties across the country, Government should take a more pragmatic approach to taxation which encourages the best possible use of property and land assets for development during the current housing crisis.

In the context of Brexit and the ever growing need for Irish tax rates to be competitive relative to peer nations, Ireland needs a comprehensive review of CGT rates and implementation of improvements where they can be made.

The current rates are a deterrent to angel investors and those seeking to invest in start-ups and scale-up, resulting in less investment options for Irish businesses, and ultimately negatively impacting upon their potential to grow.

In general, we recommend a reduction in CGT, a move which will also help the exchequer benefit from taxation dividends that arise from CGT as individuals will have less incentive to engage in regulatory arbitrage though availing of foreign taxation regimes.

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The CGT reduction to 20 per cent in Budget 1999 saw CGT revenues increased by 77 per cent the following year. This demonstrates that lower CGT rates can be of immediate benefit the Exchequer, these gains offset alleviate the costs of this tax reduction.

With regard to the specifics of the Entrepreneurs’ Relief, we recommend that lifetime limit of €1 million in qualifying capital gains be increased to €10 million in order to improve the attractiveness for repeat investors and to encourage increased investment in Irish business. It may be appropriate to review and simplify the reliefs which are available, such as Retirement Relief, and integrate it within a more expansive Entrepreneurs’ Relief that take account of both people living/working longer, and the considerable costs of long periods of retirement.

Furthermore, provisions which allow for serial entrepreneurship should be developed which would allow those who have successfully created new businesses to roll over their capital gains accruals into new businesses

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