



Irish Tax Institute

Leaders in Tax

Department of Jobs, Enterprise & Innovation
Earlsfort Centre
Lower Hatch St
Dublin 2
D02 PW01

Registered Office
South Block
Longboat Quay
Grand Canal Harbour
Dublin 2

Tel.: +353 1 663 1700
Fax: +353 1 668 8387
Email: info@taxinstitute.ie
Web: www.taxinstitute.ie

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Emailed to Mr. Ciarán McLoughlin at ciaran.mcloughlin@djei.ie

Re: Invitation for submissions on review of time period in Section 279 of the Companies Act 2014

Dear Ciarán,

The Institute welcomes the opportunity to contribute to the consultation process by the Department of Jobs, Enterprise and Innovation ('DJEI') in relation to Section 279 of the Companies Act 2014.

Our members work across the range of tax roles in Ireland – in practice, in industry and in the public sector. Our members who work in industry are directly involved in satisfying the tax compliance and tax accounting obligations of their employers.

While many of the tax accounting obligations in IFRS and US GAAP are similar, there are also a number of differences between the standards in the recognition and calculation of deferred tax. The requirement of companies to prepare accounts under both IFRS and US GAAP accounting standards would increase the tax accounting burden of our members and their employers. This would require those companies to either hire additional resources to their tax compliance/accounting departments, or to allocate some resources away from tax compliance activities towards those increased tax accounting requirements.

Mark Barrett – *President*, Brian Brennan, Marie Bradley, Colm Browne, Dermot Byrne, Sandra Clarke, Ian Collins, Ciaran Desmond, David Fennell, Karen Frawley, Ronan Furlong, Johnny Hanna, Jim Kelly, Aoife Lavan, Frank Mitchell, Tom Reynolds, Kieran Twomey, Shane Wallace. Martin Lambe (*Chief Executive*).
Immediate Past President – Mary Honohan.

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We are of the view that the existing rules do not in any way impact the calculation of profits and tax liabilities of any Irish affiliates of the affected groups. This is because the financial statements of the local Irish subsidiaries will always remain prepared under IFRS or Irish GAAP accounting rules. The consultation impacts on consolidated accounts – which do not form part of the Irish tax return. As a result, the retention of the current Section 279 exemption should not impact the Irish Exchequer.

Other aspects of the consultation fall outside this Institute's area of competence, but we felt it important to highlight the additional compliance burden, arising from tax accounting obligations, that could be placed on companies that currently avail of the Section 279 exemption. The Institute is in favour of policies that support growth, maintain competitiveness and minimise undue compliance costs.

We would ask that you take account of these points as part of your deliberations whether to extend the Section 279 exemption.

Yours truly

Mark Barrett

Institute President

