Rialtas na hÉireann
Government of Ireland

Ireland's Draft Budgetary Plan 2019

Prepared by the Department of Finance.

IRELAND'S DRAFT BUDGETARY PLAN

October 2018

Introduction

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, Draft Budgetary Plans for the forthcoming year must be submitted to the European Commission and to the *Eurogroup* between the 1st and the 15th October each year.

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

This Draft Budgetary Plan has also been laid before the Houses of the Oireachtas. It is consistent with the 2019 Budget presented to Dáil Éireann on 9th October 2018.

The format and content of the document are in line with the requirements of the two pack Code of Conduct which *inter alia* requires macroeconomic and budgetary forecasts for the current and forthcoming years (in this case 2018 and 2019). Pre-Budget macroeconomic forecasts for this year and next were endorsed by the Irish Fiscal Advisory Council (IFAC), as required under article 4(4) of the Regulation.

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.

Summary

The baseline forecast is for solid growth in the short-term, with GDP projected to increase by 4.2 per cent next year, following growth of 7.5 per cent this year[1]. While GDP figures can be difficult to interpret in an Irish context, a broader range of measures – labour market indicators, tax revenue developments and trends in purchasing managers indices – confirm that the economy continues to perform strongly. Employment growth of 2.8 per cent is projected for next year, the equivalent of 62,000 additional jobs. Unemployment is expected to fall in parallel, with an average unemployment rate of 5.2 per cent expected. The rate of inflation, taking into account the impact of indirect tax changes, should remain relatively modest at 1.5 per cent in 2019.

Determined policy implementation has helped move the public finances into a much healthier position. A headline general government deficit of 0.1 per cent of GDP is projected for this year, with the headline deficit is expected to be eliminated next year. The debt-to-GDP ratio continues to decline, and is projected to be 61.4 per cent by end-2019, approximately half the peak at 120 per cent of GDP in 2012.

An improvement of 0.3 percentage points in the structural deficit is envisaged for 2019, with a structural deficit of 0.7 per cent of GDP projected, broadly consistent with achievement of the Medium Term Budgetary Objective.

[1] *The Macroeconomic forecasts contained in this document were produced by the Department of Finance and subsequently endorsed by the Irish Fiscal Advisory Council on the 02 of October 2018.*

Section 1
Economic Developments and Outlook

Macroeconomic Outturn 2018

GDP is forecast to increase by 7.5 per cent this year, an upward revision of almost 2 percentage points relative to the Department's spring forecasts. The upward revision reflects both statistical factors and, more importantly, a stronger-than-assumed expansion in 'underlying' (or modified) domestic demand. The latter category, which measures domestic demand but excludes the volatile components of investment spending, is projected to increase by over 5 per cent this year. This economic aggregate is often seen as a better approximation of activity in the Irish economy given that GDP continues to be inflated by statistical factors.

Consumer spending is forecast to increase by 3.5 per cent this year, driven by gains in household disposable income, solid consumer confidence and muted inflation. Headline investment spending is set to contract this year; this is because of the assumed decline in business expenditure on intangible assets (these transactions are GDP-neutral in the short-term as the assets are sourced from abroad and, accordingly, classified as imports). Excluding these purchases, underling investment is set to accelerate this year, with both the building and construction and the machinery and equipment components set to record double-digit growth rates.

Exports are forecast to expand by 7.0 per cent this year, with a significant contribution expected from the pharmaceutical sector. Exports associated with 'contract manufacturing' – exports of goods produced abroad under contract from an Irish-based entity[1] – are assumed to make no contribution to export growth, in line with the pattern evident during the first half of the year. Notwithstanding a significant increase in exports of computer services and royalties, exports of services are forecast to record their weakest performance since 2012, in large part due to a substantial decline in exports of business services.

On the other side of the trade equation, imports of goods and services are set to remain weak this year. This is largely down to a decline in imports of services, mainly arising from the significant drop in intellectual property imports (the counter-part to the assumed fall in intangible investment).

Macroeconomic Projections 2019

The external backdrop for next year is something of a mixed bag at present (table 1). In terms of demand in key external markets, growth is set to remain modest in the UK, as uncertainty surrounding arrangements for its exit from the EU clouds the outlook. Having outperformed expectations last year, the cyclical recovery in the euro area has lost some momentum and a modest deceleration is in prospect for next year. Prospects for the US economy remain favourable, with fiscal stimulus likely to provide continued support in the short-term.

Prospects among advanced economies have, therefore, become less synchronised of late and this diverging pattern is also becoming a feature of emerging market economies (EMEs). In particular, several EMEs whose growth rates had, heretofore, been driven by capital inflows and debt accumulation, have seen sharp capital outflows, currency depreciation and rising domestic interest rates in recent months.

[1] See '*GDP and Modified GNI – explanatory note*', Department of Finance, May 2018, available at: https://www.finance.gov.ie/wp-content/uploads/2018/05/180504-GDP-and-Modified-GNI-Explanatory-Note-May-2018.pdf

Downside risks to the global outlook have become more pronounced over the summer. Trade tensions have risen and a further escalation cannot be ruled out. The changing stance of monetary policy in advanced economies has exposed vulnerabilities in some regions; while the impact has been contained so far, spill-overs to other regions could have damaging effects. In the euro area, the scheduled ending of net asset purchases under quantitative easing at the end of this year could potentially expose some of the weak links in the single currency's architecture. Finally, and particularly relevant from an Irish perspective, a 'crash' exit of the UK from the EU would generate severe headwinds for the Irish economy.

Table 1: external assumptions, per cent change (unless stated)

	2017	2018	2019
External GDP growth			
United States	2.2	2.9	2.5
Euro area	2.4	2.0	1.9
United Kingdom	1.7	1.4	1.5
Technical assumptions			
Euro-sterling exchange rate (€1=)	0.88	0.89	0.89
Euro-dollar exchange rate (€1=)	1.13	1.19	1.16
Brent crude (dollars per barrel)	54.8	73.5	74.7

Oil prices (futures) in 2018 – 2019 are calculated on the basis of futures markets as of mid-September 2018.
Exchange rate outturns as of mid-September 2018 and unchanged thereafter.
Source: IMF World Economic Outlook (October)

Table 2 (a): macroeconomic prospects

	2017	2018	2019
		year-on-year per cent change	
real GDP	7.2	7.5	4.2
nominal GDP	7.6	9.3	6.2
real GNP	4.4	5.9	3.9
components of GDP		year-on-year per cent change	
personal consumption	1.6	3.5	3.0
government consumption	3.9	3.5	2.9
investment	-31.0	-8.9	7.1
stock changes^	-1.1	0.5	0.0
exports	7.8	7.0	5.6
imports	-9.4	0.9	6.2
contributions to real GDP growth		annual percentage point contribution	
domestic demand	-10.1	-0.5	2.7
net exports	19.1	7.5	1.4
stock changes	-1.1	0.5	0.0
statistical discrepancy	-0.8	0.0	0.0

Rounding can affect totals.
^ contribution to GDP growth.
Source: 2017 - CSO; 2018 to 2019 - Department of Finance.

Table 2 (b): price developments, per cent change

	2017	2018	2019
GDP deflator	0.4	1.8	1.9
Personal consumption deflator	1.4	1.5	2.0
Harmonised index of consumer prices (HICP)	0.3	0.7	1.5
Core HICP inflation	0.0	0.4	1.4
Export price deflator (goods and services)	-0.3	0.5	1.4
Import price deflator (goods and services)	1.6	0.5	1.4
Terms-of-trade (good and services)	-1.9	0.0	0.0

^ 'Core' inflation excludes the impact of energy and unprocessed food.
Source: CSO; Department of Finance.

Table 2 (c): labour market prospects, per cent change (unless stated)

	2017	2018	2019
Employment	2.9	3.0	2.8
Unemployment rate (QNHS basis)	6.7	5.8	5.2
Labour productivity^	4.2	4.4	1.4
Compensation of employees*	4.7	6.0	6.4
Compensation per employee*	0.2	2.4	3.0

^ GDP per person employed.
*Non-agricultural sector.
Source: CSO; Department of Finance.

Table 2 (d): Sectoral balances, per cent of GDP

	2017	2018	2019
Net lending/net borrowing vis-à-vis the rest of the world	8.5	12.0	11.7
of which:			
- Balance on goods and services	30.4	34.8	34.6
- Balance of primary incomes and transfers	-21.9	-22.8	-22.9
- Capital account			
Net lending / borrowing of the private sector	8.7	12.1	11.7
Net lending / borrowing of general government	-0.2	-0.1	0.0
Statistical discrepancy			

Source: CSO; Department of Finance. Rounding can affect totals.
Net lending to private sector residually determined as current account less general government balance.

Section 2
Budgetary Developments and Outlook

For 2019, exchequer tax receipts are set to grow by 5.2 per cent in annual terms with broadly-based growth across personal income, capital and consumption tax headings.

The deficit is forecast to continue to narrow, with a general government deficit of 0.1 per cent of GDP expected for 2018 down from 0.2 per cent in 2017. Next year, it is anticipated that the headline deficit will be eliminated – the first time since 2007 (a balance of 0.2 per cent on a no-policy change basis is projected). General government revenue is expected to grow from €80,830 million in 2018 to €85,235 million in 2019, while general government expenditure is forecast to increase from €81,145 million to €85,310 million.

Table 3(a): General government budgetary targets broken down by subsector, per cent GDP (unless stated)

	ESA Code	2017	2018	2019
General government	S.13	-0.2	-0.1	0.0
Central government	S.1311	-0.3	0.1	0.1
Local government	S.1313	0.1	-0.2	-0.1
Social security funds	S.1314	M	M	M
Interest expenditure	D.41	2.0	1.6	1.5
Primary balance		1.7	1.5	1.4
One-off and other temporary measures		-0.1	0.0	0.0
Real GDP growth		7.2	7.5	4.2
Potential GDP growth		7.4	4.6	4.5
Output gap (% of potential GDP)		-1.0	1.6	1.3
Cyclical budgetary component (% of potential GDP)		-0.5	0.9	0.7
Cyclically-adjusted balance		0.3	-1.0	-0.7
Cyclically-adjusted primary balance		2.3	0.7	0.8
Structural balance		0.4	-1.0	-0.7

Source: CSO; Department of Finance forecasts.

With regard to gross general government debt, the debt-to-GDP ratio peaked in 2012 at almost 120 per cent. While the significant decline in the debt ratio in 2015 is primarily due to the large revision to 2015 GDP in the July 2016 National Accounts, the downward trajectory is forecast to continue over the forecast horizon, with a debt-to-GDP ratio of 61.4 per cent projected for 2019.

Net public indebtedness – which takes account of accumulated cash and other assets – is much lower than the gross figure at 55.2 per cent of GDP at end 2018.

Table 3(b): General government debt developments, per cent of GDP

	2018	2019
Gross debt	64.0	61.4
Change in gross debt	-4.4	-2.6
Contributions to change in gross debt ratio		
Primary balance	1.5	1.4
Interest expenditure	-1.6	-1.5
Stock-flow adjustment	1.3	1.1
Composition of stock-flow adjustment		
- Change in cash	0.8	0.0
- Differences between cash and accruals [b]	0.4	0.3
- Net accumulation of financial assets [c]	-0.7	-0.3
of which:		
- Privatisation proceeds	M	M
- Valuation effects and other [d]	M	M
Implicit Interest rate on debt [e]	2.6	2.4
Other relevant variables		
Liquid financial assets [f]	5.1	5.6
Net financial debt	58.9	55.8

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, per cent GDP

	2015	2016	2017
Public guarantees	4.8	1.9	0.5
of which linked to the financial sector			
Eligible Liabilities Guarantee	1.2	0.6	0.1
National Asset Management Agency	3.1	0.9	0.0
Other	0.5	0.4	0.4

Source: Department of Finance forecasts

Table 4: Expenditure and revenue projections on a no-policy change basis, per cent GDP

	ESA Code	2018	2019
Total revenue at unchanged policies	**TR**	**25.1**	**24.8**
of which:			
Taxes on production and imports	D.2	7.8	7.6
Current taxes on income, wealth, etc.	D.5	10.6	10.4
Capital taxes	D.91	0.1	0.1
Social contributions	D.61	4.1	4.3
Property income	D.4	0.5	0.4
Other		1.9	1.9
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		23.0	22.8
Total expenditure at unchanged policies	**TE**	**25.2**	**24.6**
of which:			
Compensation of employees	D.1	6.8	6.5
Intermediate consumption	P.2	3.4	3.6
Social payments	D.62 / D.632	9.0	8.7
of which unemployment benefits			
Interest expenditure	D.41	1.6	1.5
Subsidies	D.3	0.6	0.5
Gross fixed capital formation	P.51g	2.1	2.3
Capital transfers	D.9	0.5	0.5
Other		1.2	1.0

Source: Department of Finance forecasts

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

	ESA Code	2018	2019
Total revenue target	TR	25.1	25.0
of which:			
Taxes on production and imports	D.2	7.8	7.8
Current taxes on income, wealth, etc.	D.5	10.6	10.4
Capital taxes	D.91	0.1	0.1
Social contributions	D.61	4.1	4.3
Property income	D.4	0.5	0.4
Other		1.9	1.9
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		23.0	22.8
Total expenditure target	TE[3]	25.2	25.0
of which:			
Compensation of employees	D.1	6.8	6.7
Intermediate consumption	P.2	3.4	3.8
Social payments	D.62, D.632	9.0	8.7
of which: unemployment benefits			
Interest expenditure	D.41	1.6	1.5
Subsidies	D.3	0.6	0.5
Gross fixed capital formation	P.51g	2.1	2.3
Capital transfers	D.9	0.5	0.5
Other		1.2	1.0

Source: Department of Finance forecasts

Table 5(b): Amounts to be excluded from the expenditure benchmark, per cent of GDP (unless stated)

	2017	2017	2018	2019
	€billion			
Expenditure on EU programme matched by EU funds	0.5	0.2	0.1	0.1
Cyclical unemployment benefit expenditure*	-0.1	0.0	0.0	0.0
Effect of discretionary revenue measures**	-0.1	0.0	0.3	0.3
Revenue increases mandated by law	M	M	M	M

*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)

M = not applicable

Source: Department of Finance forecasts

Table 5(c): Discretionary measures taken by General Government (All Central Government, unless stated)

Measures	Detailed description	Target ESA Code	Accounting principle	Adoption Status	Budgetary Impact (% GDP) 2018	2019	2020***
Revenue Measures							
Carryover from Budget 2018 and previous years	Income Tax, Excise, CT, VAT.	D.51, D.21, D.91	Cash	Implemented		0.03	0.02
USC measures	A number of rate and threshold changes to the Universal Social Charge system.*	D.51	Cash	Legislation pending		-0.03	-0.01
Other Income Tax changes	Such as increases in the standard rate cut-off points, home carer credit and earned income tax credit. In addition, MIR extension accelerated to 100%.*	D51	Cash	Legislation pending		-0.06	-0.01
VAT	VAT rate on tourism activities to increase to 13.5% (with the exception of newspapers and sporting facilities). VAT rate on electronically supplied publications reduced from 23% to 9%.*	D.21	Cash	Legislation pending		0.13	0.03
Excise Duties	Diesel surcharge, extension of VRT relief for hybrid and plug in vehicles and extension of 0% BIK rate on electric vehicles, Betting Duty, Excise duty on tobacco products.*	D.21	Cash	Legislation pending		0.03	0.01
Other Discretionary measures*	Stamp Duty young trained farmers exemption, CAT Group A threshold increase, agri-taxation measures, extension of film relief tax credit, extension of three year start up relief, accelerated capital allowances for employer-provided fitness & childcare facilities, accelerated capital allowances for gas-propelled vehicles & refuelling equipment., compliance measures.*	D.51, D.21, D.91	Cash	Legislation pending		0.00	0.00
National Training Levy	Tapered increase in employer contribution over 2019 & 2020.*	D.51	Cash	Legislation pending		0.02	0.02
Non-indexation of income tax system		D.51	Cash	Implemented		0.14	0.02
Expenditure^							
Total Measures **						**0.28**	**0.08**

* 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.

*** 2020 only reflects the impact of any carry forward from measures introduced in previous years or announced in Budget 2019.

^A wide range of discretionary expenditure measures have been taken. Details for 2019 are contained in the 2019 Expenditure Report

Section 3
Comparison with April 2018 Stability Programme

Table 6a and 6b below compares the projection for the general government balance in the Draft Budgetary Plan with that at the time of the April 2017 Update of Ireland's Stability Programme.

Table 6(a): General Government Deficit divergence from the April Stability Programme, per cent GDP

	2017	2018	2019
GG Deficit – April Stability Programme	-0.3	-0.2	-0.1
GG Deficit – Draft Budgetary Plan	-0.2	-0.1	0.0
Difference (pp)	0.1	0.1	0.1

Source: Department of Finance forecasts

Table 6(b): General Government Debt divergence from the April Stability Programme, based on unchanged policies, per cent GDP

	2017	2018	2019
GG Debt – April Stability Programme	68.0	66.0	63.5
GG Debt – Draft Budgetary Plan	68.4	64.0	61.2
Difference (pp)	0.4	-2.0	-2.3

Source: Department of Finance forecasts

Section 4
Distributional impact of the main budgetary measures

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 2019 Measures on Different Categories of income earners is presented in the Budget and some of it is reflected in this section.

The full documentation is available at:

http://www.budget.gov.ie/Budgets/2019/Documents/3.%20Summary%20of%20Budget%202019%20Taxation%20Measures%20-%20Policy%20Changes.pdf
http://www.budget.gov.ie/Budgets/2019/Documents/Budget_2019_Economic_and_Fiscal_Outlook_A.pdf

The Departments of Finance, Public Expenditure and Reform and Employment Affairs 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.

Distributional analysis of Budget 2019 measures on a variety of household family types / income levels.
The table below shows the impact on net income of changes in Income Tax and Universal Social Charge for various categories of income earners. 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 2019. Variations can arise due to rounding.

Gross Income	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	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
	Change as % of Net Income					
€	%	%	%	%	%	%
12,000	0.0	0.0	0.0	0.0	0.0	0.0
14,000	0.0	0.0	0.0	0.0	0.0	0.0
18,000	0.0	0.0	0.0	1.2	0.0	0.0
20,000	0.1	0.1	0.1	1.2	0.1	0.1
25,000	0.1	0.1	0.1	1.1	1.0	0.1
30,000	0.2	0.1	0.1	1.0	0.9	1.4
35,000	0.5	0.2	1.1	1.2	0.8	1.8
45,000	0.7	0.6	1.4	1.3	1.2	1.9
55,000	0.6	0.6	1.3	1.2	1.1	1.7
70,000	0.6	0.6	1.1	1.1	1.0	1.5
100,000	0.5	0.4	0.9	0.8	0.8	1.2
150,000	0.3	0.3	0.7	0.6	0.6	0.9
175,000	0.3	0.3	0.6	0.5	0.5	0.8

Section 5
European Union's Strategy for growth and jobs

The European Council adopted the following Country Specific Recommendations (CSRs) for Ireland. These may be found at:

https://ec.europa.eu/info/publications/2018-european-semester-country-specific-recommendations-commission-recommendations_en

Table 7(a) summarises measures taken to 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
CSR 1.	
- Achieve the medium-term budgetary objective in 2019.	- Budget 2019 forecasts a structural budget balance of -1.0 per cent of GDP for 2018, improving to -0.7 per cent of GDP for 2019. This implies we will broadly achieve the MTO next year.
- Use any windfall gains to accelerate the reduction of the general government debt ratio.	- In terms of proceeds from state assets sold, €3.4 billion in receipts was raised in disposing of AIB shares in 2017 year. These proceeds were used to reduce public indebtedness. - The fiscal forecast contains estimated Exchequer receipts of €0.8 billion in 2018 from the return of funds from the resolution of the financial crisis and a further €3.5 billion, spread over 2020 and 2021, arising from the winding down of the National Asset Management Agency. It is the stated position of Government that these proceeds, along with others arising from the resolution of the financial crisis will be directed towards lowering our elevated stock of debt.
- Limit the scope and the number of tax expenditures and broaden the tax base.	- The income tax package in Budget 2019 focussed on reducing the tax burden on low to middle income earners, while maintaining a broad tax base. - The Budget 2019 income tax package was primarily comprised of an increase of €750 in the point of entry to the higher rate of income tax, a reduction in the third rate of USC and an extension of the income range on which the second rate of USC will be charged. It also included increases to two targeted income tax credits, the Home Carer Credit and the Earned Income Credit. The entry threshold to USC did not change and there were not general increases to income tax credits, so the existing breadth of the income tax and USC bases was maintained. - The total first year cost of the Budget 2019 tax reductions will be just over €365 million, a relatively limited cost in the context of a projected income tax yield for 2019 of almost €23 billion, and less than the cost of indexing the income tax system in line with inflation, which would have been in the region of €572 million. The non-indexation of income tax credits and rate bands in general was a base-broadening aspect of Budget 2019. - The Start Your Own Business Relief (s. 472AA of the TCA 1997) and the Home Renovation Incentive (s. 477B of the TCA 1997) are being retired at the end of 2018. - The Minister for Finance published Ireland's Corporate Tax Roadmap in September this year. The Roadmap takes stock of the changing international tax environment, outlines the actions Ireland has taken and the additional actions that will be taken over the next couple of years. - This year as part of Ireland's commitment to implementing the Anti-Tax Avoidance Directive (ATAD), a new ATAD compliant exit tax regime will be introduced on the 10th of October. It will tax unrealised capital gains where companies migrate or transfer assets offshore such that they leave the scope of Irish tax. - Ireland has also introduced a new Controlled Foreign Company (CFC) regime as required by the ATAD. CFC rules are an anti-abuse measure, designed to prevent the diversion of profits to offshore entities (the CFCs) in low- or no-tax jurisdictions. CFC rules are traditionally a feature of territorial tax regimes. As Ireland has a worldwide tax regime, CFC rules have not previously been a feature of the Irish corporate tax regime. - Ireland is also launching a consultation this year with regard to ATAD hybrid mismatch rules with a view to introducing the rules as part of the 2019 Legislative process to take effect from 1 January 2020.

Country Specific Recommendation	Progress to Date
	- Following a European Commission Country Report for Ireland in 2017, a systematic evaluation of the costs and benefits of the 9% reduced VAT rate was conducted. The report found that the rate was regressive, and had broadly served its purposes with regard to stimulating the tourism sector and creating jobs in that sector. On the basis of the findings of this evaluation, in Budget 2019 the bulk of 9% activities were returned to the reduced rate of 13.5%, with the exception of newspapers and sporting facilities, substantially limiting the scope of the expenditure.
- Address the expected increase in age-related expenditure by increasing the cost effectiveness of the healthcare system and by pursing the envisaged pension reforms.	- The National Development Plan published in 2018 commits €10.9 billion investment in health capital facilities and eHealth over the next decade. This includes provision for significant additional capacity in acute hospitals, primary care and residential care to meet demographic growth pressures. Over the next 15 years, the overall population is going to increase by 12%, while the 65+ age group will increase by close to 60% and the 85+ population will nearly double. These changes in demography will have significant implications for health care demand across all services - The Government are clear that a programme of investment along with a programme of reform will be required to ensure that the health system remains financially sustainable. The National Development Plan acknowledges the need for additional capacity requirements and it is expected that 4,500 additional short-term and long-term beds will be required across the public system in Community Nursing Units and other step-down facilities, as identified by the Health Capacity Review. - In 2017, an all-party Parliamentary Committee produced a report, Sláintecare, which sets out a 10 year vision and policy direction for the Irish health and social care system. The development of a cross-party political agreement recognised the need for a coherent long term strategy to improve the quality and sustainability of the health system. - The Government published a Slaintecare Implementation Strategy in August 2018 which sets out the actions to be taken in the first three years of the reform programme. The Strategy contains 106 inter-linking actions which will be implemented over this period. An Implementation Office has been established in the Ministry for Health which is charged with delivering the reform programme. - The Nursing Home Support Scheme is driving an ongoing shift from residential nursing home care to care delivered at home. The objective of the scheme is to continue to provide residential care services for older people who require such services, including the increase in need arising from the ageing population. In 2018, this has been demonstrated through the continuous decrease in the average length of stay in residential facilities. Throughout 2019 there will be a continued emphasis on providing home care and community support services to enable older persons to live independently, and decrease the average length of stay in costly residential facilities. - Irish Pharmaceutical Healthcare Association (IPHA) agreement: The impact of this agreement is already evident from 2016 to 2017 as spend on hospital drugs increased by only 3%, this annual growth is minimal compared to the growth rate in the previous year of 10%. This agreement runs until 2020 and is therefore expected to deliver savings in 2018 and 2019. - The Roadmap for Pension Reform, published earlier this year, is addressing the long term sustainability of the State Pension system and it will build on reform already introduced to move the State pension eligibility age to 68 by 2028. - The introduction of the Total Contributions Approach from 2020 onwards will not only play a role in improving the sustainability of the State Pension system, but will lead to a fairer and more transparent system whereby benefits will more closely match contributions made.

Country Specific Recommendation	Progress to Date
	- The Roadmap also proposes that the contributory and non-contributory payments be benchmarked to 34% of average earnings and that future changes to rates should be linked to CPI and average earnings. A Strawman Public Consultation Process for an Automatic Enrolment Retirement Savings System for Ireland was launched on the 22nd August 2018 and is due to conclude on the 4th November 2018.
CSR 2. - Ensure the timely and effective implementation of the National Development Plan, including in terms of clean energy, transport, housing, water and affordable quality childcare.	- Project Ireland 2040 – the National Development Plan (NDP) and the National Planning Framework (NPF) - was launched by the Government on 16 February 2018. - The NDP sets out a strategic vision for Ireland's public capital infrastructure priorities over the next 10 years strictly aligned with the National Strategic Outcomes for Ireland's new spatial strategy contained in the NPF. - The plan signals a shift to a greater integration of regional investment plans, stronger co-ordination of sectoral strategies and more rigorous selection and appraisal of projects to secure value-for-money. - Implementation of the Plan has commenced, overseen by the Project Ireland 2040 Delivery Board. - Nearly €22 billion has been allocated for investment to improve our national roads and public transport network, and to support Tourism and Sport. - The Government has committed €6 billion to support the accelerated delivery of 50,000 additional social housing homes by end 2021. Over the period 2016 to 2017, just under 13,000 social housing homes had been delivered. - A further €7.5bn was allocated for the period 2022-2027 in the NDP. The additional funding being provided through the NDP will provide a further 72,000 social housing homes. - €8.5 billion will be invested by Irish Water over the period of the NDP. This investment will allow it to upgrade existing infrastructure, support economic growth by meeting development needs, and support implementation of national strategies in relation to public health, safety and environmental compliance risks. - The capital funding for childcare is being allocated for the improvement of infrastructure in the Early Years and School age childcare sector, including the expansion of capacity, quality and maintenance. - The overall capital allocation for 2019 is €7,301m. This is a €1.4m (24%) increase on the 2018 projected outturn of €5,908m - Investment next year will be 3.5% of national income (GNI*) compared to an EU average in recent years of 2.7% (GDP).
- Prioritise the upskilling of the adult working-age population, with a focus on digital skills	- The Department of Education and Skills has established an upskilling pathways multi–agency steering group to identify priority cohorts and appropriate measures to implement the Upskilling Pathways Recommendation. The Department has submitted material to the Commission on initiatives underway in Ireland for low skilled people. This material shows that almost half of the eligible cohort are in employment, where there has historically been less attention. - The Department of Education and Skills recently launched a new policy framework for employee development, 'Supporting Working Lives and Enterprise Growth in Ireland'. The policy sets a target of having over 40,000 workers, whose skills level is below Level 5 on the National Framework of Qualifications (NFQ), engaged in state supported skills development by 2021. €11m has been secured for this new policy in Budget 2019. - Skillnet Ireland is the national agency with responsibility for the promotion and facilitation of upskilling for those in employment, helping Irish businesses and workers to address their current and future skills needs. Skillnet Ireland provide a wide range of ICT skills training through their specific ICT skills networks such as Technology Ireland ICT Skillnet, Animation

Country Specific Recommendation	Progress to Date
	Skillnet and ITAG Skillnet. In 2019 Skillnet Ireland will receive €28m, an increase of €6 million over 2018 provision which will help increase the number of places on ICT related training by 25% to over 5,100. 70% of this provision is at level 6 or higher. - Springboard+ provides free and subsidised higher education courses in areas of identified skills needs. Over 8,000 places on 245 courses are being provided under Springboard+ 2018. €34.4m has been allocated to Springboard+ in Budget 2019 (an increase of €4 million over 2018 funding levels) The Department of Education and Skills is developing a range of new apprenticeships to meet identified skill needs in different sectors of our economy. These apprenticeships offer employers the opportunity to not only train new staff, but also upskill existing staff to work in new roles. - The recently developed the EXPLORE Programme aims at upskilling the existing workforce and improving Ireland's Lifelong Learning rates. The key objective of the initiative is to create a potential new solution to help address the issue of Ireland's low level of participation in lifelong learning amongst the Irish workforce, particularly targeting persons over 35 years of age in manufacturing employment. It seeks to: o address the lack of digital skills in this cohort; o provide a novel approach to overcome barriers to participation in lifelong learning; o address the key issue of skills obsolescence which is a significant concern for employers; o showcase the benefits of collaboration between local Education & Training providers and industry Two new ICT Apprenticeship programmes (Associate Professional Network Technician and Associate Professional Software Developer) have been developed and had their first intake of apprentices in September 2018. A further five programmes are in development ranging from levels 6 to 9 on the NFQ and are expected to get underway during 2019. The ICT apprenticeships will be promoted to multi-national corporations as well as indigenous companies at a regional level to ensure that ICT skill needs nationwide are being addressed
CSR 3. - Foster the productivity growth of Irish firms, and of small and medium enterprises in particular, by stimulating research and innovation with target policies, more direct forms of funding and more strategic cooperation with foreign, multinational, public research centres and universities.	- - The OECD 2018 Economic Review of Ireland contained a special focus on productivity, providing policy recommendations to revive productivity growth, particularly with respect to domestic firms. These focused on enhancing business dynamism, allocation of financing, and maximising productivity spillovers from foreign firms, in line with the recommended actions in CSR 3. The Future Jobs Programme 2019, due to be released in January next year, will address and place emphasis on these productivity recommendations made within the OECD report. - A €500 million Disruptive Technologies Innovation Fund was established under the National Development Plan, with an initial exchequer allocation of €180 million to 2022. The Fund is competitive and is seeking investment in the research, development and deployment of disruptive technologies and applications on a commercial basis. It will drive collaboration between Ireland's world-class research base and industry as well as facilitating enterprises to compete directly for funding in support of the development and adoption of these technologies. Collaboration with an SME was an essential requirement in order to be eligible for funding under Call 1 of the Fund. - Enterprise Ireland continues to operate targeted funding instruments to increase the RDI capabilities of Irish Firms via supports for in-company RDI and industry-academic collaboration. Enterprise Ireland funded Technology Centres (Competence Centres) deliver strategic collaborations between foreign owned MNCs, indigenous SMEs and the publicly funded research system.

Country Specific Recommendation	Progress to Date
	- Five new SFI Research Centres will have been officially opened by the end of 2018, this is part of an investment of over €72 million by Science Foundation Ireland over the next six years, matched by industry and EU H2020 funding, creating jobs and attracting cutting-edge industry to Ireland. - Latest round of SFI Industry Fellowship Programme awards are supported by 20 industry partners ranging from Irish start-ups and SMEs to large MNCs and will see 23 researchers take up temporary placements in industry ranging from 2-24 months.
- Promote faster and durable reductions in long-term arrears, building on initiatives for vulnerable households and encouraging write-offs of non-recoverable exposures.	- Significant progress has been by the Irish banks in reducing NPLs from their peak. - NPLs at the banks in which the State has invested have reduced by around 70% from €54bn in 2013 to €16bn at end-June 2018. - Momentum continues in this regard and in H1 2018 alone, NPLs reduced by €6bn (26%). - This reduction in H1 2018 included two loan sales by AIB and PTSB totalling over €3bn. - Further loan sales will be recorded in H2 2018 by the other Irish banks with Ulster Bank and KBC making announcements in this regard. - Government has provided a total budget of €15 million over the 3 years 2017-2019 for Abhaile ('Home'), the national mortgage arrears resolution scheme. The Scheme is due for review in early 2019. - The Scheme is targeted to insolvent borrowers who are at risk of losing their homes due to their mortgage arrears. It does so by providing access to independent expert financial and legal advice and assistance, to help these borrowers to identify sustainable solutions to their arrears and, where possible, to remain in their homes. - Abhaile aimed to assist 10,000 households in mortgage arrears over 3 years. Up to 30 June 2018, over 10,000 households have already received financial advice and negotiation support. Over 3,000 solutions are already in place or on trial. Another 50% of those advised are working towards a solution with the assistance of their financial adviser. Some 70% of those receiving financial advice were in mortgage arrears exceeding 720 days, the priority target group. Nevertheless, between 80% and 95% of concluded solutions allow the borrower to remain in their home. - The Scheme provides a single Government portal for accessing coordinated advice and help from five Government agencies and links in to related Government initiatives, including personal insolvency legislation and the Mortgage to Rent scheme

Table 7(b): Progress against Europe 2020 Targets

Target 1: Employment Target: 69 – 71% of the population aged 20 – 64 to be employed	
Labour Market Activation and Youth Guarantee Increased engagement with, and training of, the long-term unemployed as part of the labour	The Momentum programme is discontinued. FET provision for the long term unemployed (LTU) and unemployment blackspots. Unemployment continues to fall and the seasonally adjusted unemployment rate for June 2018 was 5.8 percent. It is estimated that 21 percent of starters on FET provision in 2018 will be long-term unemployed. As noted earlier in the report, although the unemployment rate has fallen to below 6 percent (June 2018) Census 2016 has identified 79 unemployment blackspots. As part

market activation reforms included in the Pathways to Work Strategy	of the 2018 service planning process, ETBs have been requested to renew efforts to ensure that suitable FET programmes and services are provided to residents of these areas. The CSO reports that in the year to May 2018, the number of persons classified as long-term unemployed decreased by 34,800 (-40.9 percent), bringing total long-term unemployment to 50,100. Long-term unemployment now accounts for 37.7 percent of total unemployment.
Implementation of Pathways to Work Strategy 2016-2020	The Pathways to Work strategy provides jobs to those on the Live Register, and now reflects a shift in focus from 'activation in a time of recession' to 'activation in a time of recovery and growth.' Key priorities include activating the long term unemployed, and also those not classified as unemployed jobseekers but who have the potential and desire to play a more active role in the workforce.
Expand and accelerate the implementation of activation policies to increase the work intensity of households and address the poverty risk of children: Implementation of Pathways to Work Strategy 2016-2020	The Pathways to Work Strategy 2016-2020 will frame the priorities for activation and employment policy for the next four years. In particular the Strategy will focus on increased engagement with and training of the long-term unemployed.
Action Plan for Jobless Households	The plan sets two new headline targets for 2020 - reducing the proportion of households that are jobless to 13% or less, and reducing the share of the 18-59 population resident in such households to less than 8%.
Total of 60,000+ LTU referrals to Jobpath over 2017	JobPath initiative, targeted at long-term unemployed, is fully rolled out.
Total of 28,000 places on Community Employment and TÚS schemes (21,500 Community Employment and 6,500 Tús) in 2018.	The Community Employment, TÚS, and Gateway provide work placements for Jobseekers.
Youth Employment Support Scheme	A new Youth Employment Support scheme (YESS) was launched from 1st October 2018. YESS is aimed at providing work experience for young people aged 18-24 who face barriers to entering the labour market.
Pursue measures to incentivise employment by tapering the withdrawal of benefits and	The Back to Work Family Dividend helps families make the transition from welfare to work by enabling social welfare recipients to retain the child dependent portion of their weekly social welfare payment for up to 2 years upon entering employment.

supplementary payments: Back to Work Family Dividend

Further Education and Training

On-going implementation and development of the Further Education and Training Strategy 2014-2019

The FET literacy and numeracy strategy delivered and objectives achieved including improved screening and assessment systems, ESOL policy, and awareness.

In 2018 a strategic performance agreement will be reached between each ETB and SOLAS. It will be a high level document which reflects the FET ambitions, strategies and plans of each ETB, together with how it will contribute to the achievement of the national FET sectoral goals. The initial strategic performance agreement will be underpinned and supported by the detailed 2018 plan and the outline plans for 2019 and 2020. Once the initial agreements are in place a review process will be carried out each year and any necessary and agreed amendments incorporated.

Policy Context

The context for the development of these strategic planning performance agreements is reflective of ongoing government policy developments regarding economic development and social cohesion and how investment in human capital, through high quality education and training, can be optimised to support these goals. It is also reflective of the renewed emphasis on the role of further education and training as set out in the Further Education and Training Strategy 2014 to 2019.

National Sectoral Targets

SOLAS will work with ETBs to agree appropriate benchmarks for each ETB. ETBs will be requested to propose their aggregate contribution to each of the goals below. The aggregate contribution will be underpinned and supported by the information provided in the 2018 detailed plan and the outline plans for 2019 and 2020.

10% more learners will secure employment from provision which primarily serves the labour market. 10% more learners will progress to other further or higher education courses from provision which is primarily focused on this purpose.

10% increase in the rate of certification on courses primarily focused on transversal (social mobility) skills development.

10% increase of adults, who are seeking FET level provision, engaging in lifelong learning interventions (this target could be

subject to upward revision following the benchmarking process. From 2018, for three years, an average increase of 10,000 learners per annum securing relevant qualifications (e.g. special purpose awards) in sectors where employment growth / skills needs have been identified (e.g. Construction, ICT, Food and Beverages, Hospitality, Wholesale / Retail, Biopharma / Pharmachem, Health / Other Care, Digital Media, Sport and Fitness, Engineering, Enterprise Skills needs; domestic / international).

30,500 new apprentice and trainee registrations in the period 2017 to 2019 which will represent an increase in registrations from circa 6,000 in 2016 to circa 12,400 in 2019. The FET literacy and numeracy strategy delivered and objectives achieved including improved screening and assessment systems, ESOL policy, and awareness. 10% increase in Stakeholder satisfaction with FET provision.

A series of independent evaluations of the full and employment focused FET programmes will take place over the lifetime of the FET Strategy. The first of these evaluations was the PLC programme which is now complete. The report is currently under consideration in the Department. A review of the Youth reach Programme commenced in Q4 2017, with a final report due to be published in Q4 2018. The evaluation of VTOS, Specific Skills training as a single exercise has commenced.

The FET Strategic Implementation Plan provided for a Progress Review of the FET Strategy. The Review was undertaken in Q4 2017 and published by SOLAS in Q2 2018.

2017 FET Services Plan	The Annual Further Education and Training Service Plan, agreed between SOLAS and the 16 ETB's, provides details of FET provision to be funded including numbers, costs and estimated outputs. The 2018 FET Services Plan set out the detail of FET provision for 337,966 beneficiaries across the full range of FET programmes. The Services Plan is available at http://www.solas.ie/Pages/FETServicesPlan.aspx
New Apprenticeship Programme	To date there are 16 new apprenticeships operational and a further four are due to roll out before the end of 2018. Over 30 programmes are at various stages of development and are due to get underway during 2019. To date 7 new apprenticeship programmes have been rolled out in 2018. These are ICT Associate Professional Network Engineer, ICT Associate Professional Software Engineer, Chef de Partie, Laboratory Analyst Laboratory Technician, Auctioneering and Property Services and Logistics Associate.

Work is continuing on the implementation of the Action Plan to Expand Apprenticeship and Traineeship In Ireland 2016-2020. Following the second call for apprenticeship proposals 26 apprenticeship proposals were approved for further development into national apprenticeship programmes.

As set out in the Action Plan to Expand Apprenticeship and Traineeship in Ireland, SOLAS is currently reviewing pathways to participation in apprenticeship. The review will identify any barriers that may exist to participation in an apprenticeship programme. The purpose of the review is to ensure that our national apprenticeship system is more reflective of the range and

diversity of our population, more inclusive of diverse backgrounds and abilities and that apprenticeship opportunities are more readily accessible to all. The review will result in the publication of actions in this area in the coming weeks, along with the background research.

In addition a digital campaign to promote apprenticeship is now underway. The campaign promotes apprenticeship on TV and radio along with social media platforms that include Twitter; LinkedIn; Facebook and Instagram. It has been designed to influence parents, teachers and potential apprentices on the career paths and further educational opportunities arising from apprenticeship programmes. In all aspects of the digital campaign women feature prominently and there will be a specific focus on encouraging women and girls to consider apprenticeship as a means of launching or developing their careers.

As of end of August 2018, there were 3,068 new registrations on apprenticeship programmes.

Skillnets	Skillnet Ireland funds and facilitates training through 65 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 2018, Skillnets will provide training and related services to 54,600 individuals, of which 3,000 are unemployed.
Regional Skills Fora	Progress to date: In 2017, the Fora engaged with over 700 companies (approx. 100,000 employees), Over 66% of these companies were SMEs or micro enterprises. In H1 2018, some 700 enterprises have been engaged with across the country. Although there is engagement across a range of economic sectors, Manufacturing, Construction and ICT continue to be the three main area of engagement. In H1 2018, 75% of engagement was with Small Medium and Micro Enterprises. In H1 2018, most engagement continues to be with a view to Forum Specific Event Participation, Participation on Forum/Subgroup and Relationship Building. 8% of engagement was with a view to Skills Needs Assessments and 6% of engagements resulted in signposting to existing services or provision. Apart from the essential work of building collaborative relationships between Enterprise and Education and Training the Fora have also played a key role by: Signposting to existing provision and services; Course creation – Higher and Further education; Apprenticeship/traineeship development;

	Course modification – Higher Education and Further Education; Work placements.
National Skills Strategy	The National Skills Council was established in April 2017. The Council which is Chaired by Minister Bruton, oversees research, advises on prioritisation of identified skills needs and on how to secure delivery of identified needs and also has a key role in promoting and reporting on the delivery of responses by education and training providers to those priorities. Information is provided to the Council from a range of sources, including the Expert Group on Future Skills Needs, the Skills and Labour Market Research Unit in SOLAS and the Regional Skills Fora.
Higher Education – Springboard	Update Springboard+ 2017 6,625 people participated in Springboard+ 2017, 4,944 participated in part-time Springboard courses and 1,681 participated in the ICT skills conversion programme. 480 Returners participated in Springboard+ 2017/18. The gender breakdown was 412 Female and 68 Male. Returners represented 7.3% of all participants+ for Springboard 2017/18. Since 2011 over €162m has been spent on Springboard+ and almost 43,000 people have benefitted from the programme. A further €30.438m has been allocated to Springboard+ 2018 providing for over 8,000 places on 245 courses. The eligibility criteria has been amended so that all courses will be open to people irrespective of their employment status. Returners and those in receipt of certain allowances, including Jobseekers Benefit, will continue to be able to access courses free of charge. Level 6 courses will remain free to all participants and for employed participants on courses NFQ level 7 – 9, 90% of the course fee will be funded by the Government, with participants required to contribute just 10% of the fee.
Target 2: Research and Development (R&D) Headline Target: Approximately 2% of GDP (2.5% of GNP) to be invested in R&D	
Strategy	Innovation 2020, a new national Strategy for Science, Technology and Innovation was published on 8th December 2015.
Science Foundation Ireland	Science Foundation Ireland is maintaining supports to 16 world-leading Research Centres that conduct excellent and impactful applied and basic research, attracting industry and talent to Ireland. A cohort of 4,524 people work on SFI supported research

	projects. Furthermore, SFI awards directly supported 1,521 industry collaborations - 911 with 463 MNCs, and 610 with 464 SMEs.
Increase in investment	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. Ireland has committed to an investment intensity rate of 2.5% GNP as part of Europe 2020. Initiatives to reach this target are identified in Innovation 2020. GERD (Gross Expenditure on R&D) has doubled from €1,637 million in 2003 to an estimated €3,248 million in 2016. Within this, HERD (Higher Education Expenditure on R&D) has also doubled from €378 million in 2002 to an estimated €764 million in 2015. In 2019, the Disruptive Technologies Innovation Fund (DTIF) will also invest €50 million in collaborative projects with strong commercialisation potential. DTIF funding committed totals €180 million to 2022.
Research Intensity	Ireland's research intensity rate for 2016 is an estimated 1.443% of GNP (1.52% in 2015).
R&D Supports	In its 2017-2020 strategy Enterprise Ireland (EI) has a set a goal to drive innovation in Irish enterprise to new levels through a range of new supports to reach the target of €1.25bn in R&D expenditure per annum by 2020 – a 50% increase. Delivering on this will include roll out (Q4 2017) of a vastly improved and responsive EI In-Company RD&I Toolkit to include funding for Business Innovation, Design and Intellectual Property protection. Together with IDA Ireland EI will continue to invest in existing supports to drive R&D including Technology Centres, Innovation Vouchers, and the scaling up of the Health Innovation Hub. The Knowledge Development Box has been in operation since 1 January 2016. This gives support to all Irish companies that carry out substantive innovative activities. Since the commencement of the Knowledge Development Box (Certification of Inventions) Act 2017 on the 19th May 2017, this support now applies to indigenous SMEs with inventions that are not patented but which are certified by the Controller of Patents etc as novel, non-obvious and useful.
Target 3: Climate Change and Energy **3(a) Greenhouse Gas (GHG) Emissions - Headline Target: 20% reduction in Carbon Emissions relative to 2005**	
National Mitigation Plan.	Ireland's policies and measures in relation to adaptation and mitigation were given legislative underpinning by the Climate Action and Low Carbon Development Act 2015. In accordance with this Act, Ireland published its first National Mitigation Plan in July 2017. This Plan contains a series of mitigation measures and actions covering greenhouse gas emissions in the Electricity Generation, Built Environment, Transport and Agriculture sectors. In addition to setting out the full range of measures that the Irish Government has already implemented or is considering to reduce Ireland's greenhouse gas emissions, the Plan includes over 100 individual actions to be implemented across Government

in order to advance the national transition agenda. It is intended that the Plan becomes a living document which is continually updated as ongoing analysis, dialogue and technological innovation generate more cost-effective sectoral mitigation options.

The scale of the challenge to reduce Ireland's emissions in line with our domestic and international targets is illustrated by the latest projections of greenhouse gas emissions by the Environmental Protection Agency (May 2018).

The 2009 Effort Sharing Decision (ESD) established binding annual greenhouse gas emissions targets for EU Member States for the period 2013 to 2020. These targets concern emissions from most sectors not included in the EU Emissions Trading System (EU ETS), such as transport, buildings, agriculture and waste. For the year 2020 itself, the target set for Ireland is that emissions should be 20% below their value in 2005.

The latest projections indicate that emissions from those sectors of the economy covered by Ireland's 2020 targets could be between 0% and 1% below 2005 levels by 2020. While this is very disappointing, it is not surprising given the recent pace of economic growth, with increases in emissions from the agriculture and transport sectors in particular. The projected shortfall to the 2020 targets reflects both Ireland's constrained investment capacity over the past decade due to the economic crisis, and the extremely challenging nature of the target itself.

3(b) Renewable Energy – Headline Target: 16% of total energy consumption from renewable sources

Ireland is committed to meeting 16% of total energy consumption from renewable sources (40% of electricity demand, 12% of heat and 10% of transport). Published figures for 2017 indicate that 10.6% of Ireland’s energy came from renewable sources (electricity 30.1%, heat 6.9% and transport 7.2%).

Achieving the level of renewable energy in heat remains challenging particularly given Ireland's settlement patterns (with Eurostat showing Ireland as having the highest share of the population living in predominantly rural regions). The deployment of sustainable biofuels through the Biofuels Obligation Scheme is the main mechanism to help achieve the transport target, along with grant-aid for purchase of electric vehicles. In addition, two support schemes in renewable electricity and heat are being developed - a Renewable Electricity Support Scheme (RESS) and a Support Scheme for Renewable Heat (SSRH). The RESS was approved by Government in July 2018. Phase One of the SSRH - targeting installation of heat pumps - opened in September 2018. Both schemes are subject to State Aid approval.

3(c) Energy Efficiency – Headline Target: to move towards 20% increase in Energy Efficiency

National Energy Efficiency Action Plan	The National Energy Efficiency Action Plan (NEEAP) sets out Ireland's approach in pursuit of the 20% energy efficient target. Based on latest available data Ireland had achieved 65% of the energy efficiency 2020 target (i.e. 13 of the 20%) at end 2016. Meeting the 20% target presents significant challenges across the commercial, domestic and public sectors. SEAI projects that at current levels of effort some 16 of the 20% should be achieved by end 2020. DCCAE secured very significant additional resources in Budgets 2017 and 2018 (with the allocation to SEAI for energy efficiency and related measures increasing from €72.7m in 2016 to €107m in 2018) to facilitate an intensification of effort including an expansion of existing initiatives and introduction of new initiatives designed to reduce the shortfall to target and to build capacity to absorb more investment in following years should that become available. Ireland's 4th NEEAP published by DCCAE in April 2017 sets out the range of measures including new and enhanced measures in place and in development. Ireland has set a more ambitious energy efficiency target of 33% the public sector. This public sector effort also contributes to the national effort on the NEEAP 20% target as well as ensuring our public sector provides leadership on energy efficiency for the whole of our economy and society. This ambitious effort by the public sector is supported by a new Public Sector Energy Efficiency Strategy developed by DCCAE, approved by Government and published in January 2017. Monitoring by SEAI showed that at end of 2016 energy efficiency in Ireland's public sector had improved by 20%.
Energy Efficiency Fund	In 2014 the Government committed €35m to an Energy Efficiency Fund. This commercial fund attracted additional commitments from private investors totalling €73m. At the end of the Fund's investment period in mid 2018, €10.8m of the Government commitment was drawn down by the Fund. This included the Fund's investment in the energy efficiency upgrade of the Mater Hospital – a flagship project in the context of the obligation on the public sector to improve its energy efficiency by 33% by 2020. The remaining (Government) funds will be used for the newly established Climate Action Fund.
National Energy Services Framework	The National Energy Services Framework, which defines an approach to best practice for project implementation with energy performance at its core, remains in place as a support to the public and private sector for developing projects. The National Energy Services Framework is a suite of tools, templates, guides, model contracts and project development funding. SEAI continue to develop it in line with market changes. It continues to support the implementation of the Public Sector Energy Efficiency Strategy as public bodies explore options for delivery of energy based projects.

This will be used by public bodies as they work towards the 33% energy efficiency target for 2020 and specifically as they approach the implementation of the Public Sector Energy Efficiency Strategy, published by DCCAE in January 2017, one element of which is the establishment of a project pipeline.

TARGET 4(a) Education
Early Leaving from Education and Training - Headline Target: Reduce percentage of 18-24 year olds with secondary education and not in further education to 8%

Progress towards target

The EU2020 headline target for this category is <10%. The national target set by Ireland is 8%. The EU average is currently 10.6% (2017) while Ireland's average now stands at 5.1% (2017).

The EU2020 headline target for this category is <10%. The National target set by Ireland is 8%. The EU average is currently 10.6% (2017). Ireland's current share of early school leavers fell from 11% in 2011 to 9.9% in 2012, to 8.6% in 2013, 6.9% in 2014, 7% in 2015, 6.2% in 2016 and 5.1% in 2017, which exceeds Ireland's adopted target of 8%.

Update from Higher Education: 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 incrementally from 10.8% in 2011 to 5.1% in 2017. Ireland's adopted target of 8% was exceeded by 2014.

Implementation of the Delivering Equality of Opportunity in Schools (DEIS) Programme

In the 2018/19 school year the DEIS Programme is available to 183,688 students in 899 schools broken down as follows; DEIS Band 1 - 232, DEIS Band 2 - 107, DEIS Rural - 362 and Post Primary - 198. Leaving Certificate Retention Rates in DEIS post-primary schools (completion of senior cycle in post-primary school) have improved significantly since 2001 when the retention figure stood at 68.2% to 84.4% in 2010. The findings of "The evaluation of DEIS: Monitoring achievement and attitudes among urban primary school pupils from 2007 to 2016 report June 2017" published by the Educational Research Centre, shows the results of testing in reading and maths among second, third, fifth and sixth class students in 118 urban DEIS schools (70 Band 1 and 48 Band 2 schools) in 2016 including data on these students' attitudes to school and school work. The findings indicate that achievement in reading and maths has continued to improve in DEIS schools, and this has been accompanied by increased positivity among students' towards school and education. DEIS Plan 2017 provides that if we are to have the maximum possible impact on providing opportunities for students most at risk of disadvantage, then our extra resources must be targeted as closely as possible at those students with the greatest level of need.

Work has commenced on identifying such interventions that are having the greatest impact on tackling disadvantage educational disadvantage. This will involve testing new approaches in groups of schools and working closely with schools in school self-evaluation and planning improvements. The Home School Community Liaison Scheme (HSCL) and the School Completion Programme (SCP) are two key supports for DEIS schools in these areas and operate as part of the integrated Educational Welfare Service (EWS) under the remit of the Child and Family Agency, Tusla. Tusla, which is the dedicated state agency responsible for improving wellbeing and outcomes for children, works collaboratively with the Department to ensure that children's participation in the education system is maximised. The underlying vision and thrust of the HSCL Scheme is preventative; therefore, it seeks to promote and develop real partnership between parents, schools and communities, in order to enhance pupils' outcomes and learning opportunities, through improved attendance, participation and retention in the education system. Central to the HSCL initiative, is the identification of educational needs and the provision of a tailored and proportionate response to those needs, through a range of interventions, which are evidence-based, focused and structured. All DEIS Urban primary schools and all post primary schools are currently included in the HSCL scheme.

HSCL Coordinators also play a key role in effecting successful transitions through the education system – from pre-school to primary school, from primary school to second level, within second level from Junior to Senior Cycle, and onwards through appropriate pathways to further and higher education. The role of the HSCL coordinator is to empower parents to support their child's education and to ensure parents are linked in with the various stages of the education continuum by facilitating engagement between teaching and other staff and parents.

There has been a particular emphasis in the Irish context on the adoption of a whole school approach, which is recognised internationally, to enable schools respond to new and complex challenges linked to increasing diversity in society. This involves the entire school community (school Principals, teaching and non-teaching staff, learners, parents and families) in a cohesive, collective and collaborative engagement with external stakeholders and the community at large to effect better outcomes for all.

School Excellence Fund (SEF)

The School Excellence Fund (SEF) – DEIS allows schools to trial creative interventions with the intention that the learning from successful approaches will be shared across the school sector. Some examples of themes of projects include improving outcomes for EAL students, improving students' well-being through the arts and ensuring the attainment of higher ability students.

On 13th November 2017 the pilot phase of the SEF was launched. Ten clusters comprising 34 urban and rural, pre-school, primary and post-primary schools were invited to participate in the pilot phase.

The Minister announced Tranche 2 of the SEF at Easter 2018. DEIS Schools were invited to submit an application to participate in the SEF. A total of 75 applications were received by the closing date. 10 Clusters have been selected to participate in Tranche

2 of the SEF – DEIS. Their participation is subject to certain conditions. It is expected that Tranche 3 of the SEF - DEIS will be announced over the course of the coming school year.

Evaluation

The DEIS Plan includes actions related to monitoring and evaluation processes and these are bring put in place to improve transparency and to determine which interventions are having the greatest impact in terms of delivering better outcomes for learners. In September 2018, the Educational Research Centre published the latest report on the evaluation of the School Support Programme (SSP) under DEIS. As part of the evaluation, large-scale assessment of reading and mathematics achievement has been carried out on four occasions since 2007, most recently in 2016. Contextual information on pupils' lives and learning has also been collected from pupils themselves, their parents and their teachers, via questionnaires administered in conjunction with the achievement tests. This new report concludes that pupils who have participated in SSP have demonstrated improved outcomes on four successive occasions and at all grade levels. However, the achievement of pupils in schools with concentrations of pupils from disadvantaged backgrounds is well below that of those in non-SSP schools. Analysis undertaken from the current report indicate that, of a wide range of variables considered, family poverty remains the largest determinant of educational outcomes.

Role of Tusla

Tusla provides statutory and other educational welfare services through its Educational Welfare Services (EWS) structure. Tusla has appointed a senior management team to drive the reform of structures that will lead to a more fully integrated service provision across the range of its educational welfare services such as Home School Community Liaison, School Completion Programme and Statutory School Attendance Services. Tusla also works closely with the Department of Education and Skills with a particular focus on the DEIS programme.

Significant gains have been made in improving school attendance and school completion rates. School completion rates across DEIS schools is currently around 83% indicating that a significant cohort of the students who need support are located in these schools. The EWS Home School Community Liaison and School Completion Programmes (SCP) are based around meeting the needs of students and parents attending these schools in order to support those most at risk of dropping out of school early. The reforms of SCP currently being planned are designed to ensure that SCP is flexible and responding in an evidence based way to identified needs.

TARGET 4(b): Tertiary Education
Headline Target: At least 60% of 30-34 year olds should complete third level education

Ireland is aiming to have 60% of the 30-34 year old population with a tertiary level qualification by 2020. The year on year growth is continuing, with ET2020 recording 2017 participation rates at 53.5% for 30-34 year olds, again a rate significantly

Continued investment in Third-Level Education to meet increased student numbers	higher than the EU28 average of 39.9%. Ireland now ranks 4th in the EU28 having been overtaken by both Lithuania and Cyprus and .1% point less than Iceland. The adult education level for 25-64 olds in 2017 was 45.66%, remaining above the OECD average of 36.91%. The participation rate of students from socio-economic disadvantaged areas has remained steady at 26% in both 2015/16 and 2016/17. Initiatives as part of the Programme for Access to Higher Education Fund (PATH) target underrepresented groups including students from socio-economically disadvantaged areas and should impact positively on participation by these groups. There has been a decline since 2013/14 in the number of research graduates, when the number stood at 2,166. The number of graduates was 1,974 in 2016/17 having increased from 1,782 in 2015/16. The latest Horizon 2020 success statistics to January 2018 shows that Ireland achieved an overall success rate of 15%. This is the same as the EU average. The HEIs accounted for 52.7% of the Horizon 2020 drawdown in this period. The reduced drawdown from the previous FP7 programme is because Horizon 2020 budgets are more Enterprise orientated. The total PhD enrolments in 2016/17 was 8,357, having increased from 8,158 in 2014/15. Innovation 2020 seeks to increase masters and PhD enrolments by 500 by 2020. The stats opposite include Research Masters students. Including Research Masters gives 9,802 for 2016/17; having increased from 9,606 in 2014/15. 3.1% of public spending is spent on tertiary education while 0.216% of GDP is privately spent on the tertiary sector. Ireland spends USD 13231 per student in tertiary education which falls below the OECD average of USD 15656.
Development of a new National Access Plan for Higher Education	The Steering Group met twice in 2018 and a third meeting is planned on 26th September, to monitor progress towards implementation of the National Access Plan for 2015-2019. • To advise the Department of Education and Skills, and the Higher Education Authority, on challenges and opportunities that arise during implementation of the Plan. • To ensure a coordinated approach to the implementation of the Plan. • To assist in the development of specific actions and targeted initiatives contained in the Plan. • To participate in sub-groups that may be established to progress work on specific aspects of the Plan Funding under PATH 2 supporting 600 bursaries (€5000 per annum) for the most socio-economically disadvantaged students has been allocated to clusters of higher Education institutions. 200 students benefited from this funding in 2017/18 for the course of their undergraduate studies and a further 200 students will benefit in 2018/2019. PATH 3 Higher Education Access Funding has been allocated/provisionally allocated to all of regional clusters of higher education institutions, working with

community partners to support initiatives to attract 2000 additional students into higher education from the underrepresented target groups identified in the National Access Plan 2015-2019. A Seminar on PATH will take place on 23 November 2018 as part of an overall package of evaluation measures to facilitate the sharing of learning from PATH initiatives.

A Progress Review of the Plan has been undertaken in 2018 and the report of this review including an implementation plan for the next phase of the National Access Plan is due to be published shortly. A Data Plan to support Equity of Access to Higher Education has been published and a package of student success measures have been agreed and are being rolled out to support students from target groups succeed in higher education.

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%.

Weekly rates of social welfare payments	Building on the Budget 2017 and 2018 measures increasing the maximum weekly rate of all social welfare payments by €5, Budget 2019 is providing for a further €5 increase in the maximum weekly rates for all social welfare payments. This includes pensioners, carers, people with disabilities, lone parents, maternity/paternity recipients, jobseekers, and people participating in employment programmes.
Qualified Child Increase	Most weekly social welfare payments include an additional payment in respect of each qualified child up to age 18, which is extended to encompass older school/college going children to age 22 under certain circumstances. Budget 2019 raises the rate of the Qualified Child increase by €2.20 for children under 12, from €31.80 to €34 per week, and by €5.20 for children aged 12 and over, to €37 per week. This is in recognition of the higher costs associated with raising older children.
Fuel Allowance	The Fuel Allowance is a means-tested payment, paid at €22.50 per week for the duration of the fuel season. Budget 2019 provides for an extension of the fuel season by an additional week to 28 weeks.
Back to School Clothing and Footwear Allowance (BTSFCA) increase	The Back to School Clothing and Footwear Allowance is an annual payment that helps families meet the cost of uniforms and footwear for children going to school. Budget 2019 provides for an increase of €25, raising the rate of payment to €150 for under 12s and €275 for children aged 12 and over.
Daily Expenses Allowance (formerly Direct Provision Allowance)	Daily Expenses Allowance is a weekly payment made to adults and children who reside in the Direct Provision system. Budget 2019 provides for an increase of the weekly rate to €38.80 for adults and to €29.80 for children.

Housing Assistance Payment (HAP)	By end 2017, the Housing Assistance Payment (HAP) scheme will have been rolled out to all 31 local authority areas. At that point, given the current rate of HAP take up it is expected that 31,493 households will be supported by the scheme. Additional funding has been allocated in Budget 2018 and the target number of new households to be supported by HAP in 2018 is 17,472.
Community Childcare Subvention Scheme	Changes were made to the targeted Community Childcare Subvention Scheme during 2017 as preparations to launch a new Single Affordable Childcare Scheme continue. The key changes were the introduction of a universal non-means tested subsidy for qualifying parents and a significant increase in targeted subvention rates. The universal element provides up to €1,040 per year and targeted supports have increased from €95 per week to €145 per week for fulltime childcare places.

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 and with changes to reflect revisions to Ireland's national accounts in 2015	Supply side variables modelled endogenously to 2019 in line with Commission approach with mechanical closure of the output gap between 2020 and 2022. To forecast the capital stock from 2016 to 2019, the adjusted capital stock level in t-1 is grown by the net change (as opposed to the growth rate) of the unadjusted AMECO capital stock.
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

Source: Department of Finance forecasts

Taxation Measures for Introduction in 2019

Additional details on the measures below may be found in the Summary of Budgetary Measures in the 2019 Tax Policy Changes Book. The forthcoming Finance Bill will include legislative provision where necessary.

Measure	Yield/Cost 2019	Yield/Cost Full Year
USC The following changes to USC will apply from 1 January 2019. • €502 increase to €19,372 band ceiling • 4.75% rate reduced to 4.5% Total cost of USC measures The increase in the 2% rate band ceiling will ensure that a full-time adult worker who benefits from the increase in the hourly minimum wage rate from €9.55 to €9.80 will remain outside the top rates of USC. The reduction in the third rate of USC will ensure that the marginal tax rate on incomes up to €70,044 is reduced from 48.75% to 48.5%. **USC Rates & Bands from 1 January 2019:** Incomes of €13,000 are exempt. Otherwise: • €0 – €12,012 @ 0.5% • €12,012 – €19,874 @ 2% • €19,874 – €70,044 @ 4.5% • €70,044+ @ 8% - Self-employed income over €100,000: 3% surcharge	-€105m	-€123m
Income Tax An increase of €750 in the income tax standard rate band for all earners, from €34,550 to €35,300 for single individuals and from €43,550 to €44,300 for married one earner couples.	-€138m	-€161m
An increase in the Home Carer Tax Credit from €1,200 to €1,500.	-€21m	-€24m
An increase in the Earned Income Credit from €1,150 to €1,350.	-€27m	-€48m
Excise Duties 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; and there will be an additional 25c on roll your own tobacco. Both measures will take effect from midnight on 9 October 2018.	+ €59.4m	+ €59.4m
Minimum Excise Duty There will be an increase in Minimum Excise Duty on tobacco products so that all cigarettes sold below €11 will have the same excise applied	+ €2.4m	+ €2.4m

as cigarettes sold at €11. This will also take effect from midnight on 9 October 2018. **Betting Duty** An increase in the betting duty on bets placed by customers in the State will provide the additional yield: • from 1% to 2% for all bookmakers and • from 15% to 25% on the commission earned by betting intermediaries	+€39.5m	+€51.6m
Vehicle Registration Tax **Diesel Surcharge** A 1% VRT surcharge is being brought in for diesel engine passenger vehicles registering in the State from 1 January 2019.	+€25m	+€25m
Extension of VRT relief for hybrid and plug-in hybrid vehicles The VRT relief available for conventional hybrids and plug-in electric hybrids is being extended for a period of one year, until end 2019.	-€16m	-€16m
Extension of 0% BIK rate for electric vehicles The 0% Benefit-in-kind rate for electric vehicles is being extended for a period of 3 years, with a cap of €50,000 on the Original Market Value of the vehicle.	-€3m	-€3m
Other Income Tax The increase in the amount of interest paid in respect of loans used to purchase, improve or repair a residential property that may be deducted by landlords will be accelerated to 100% from 1 January 2019.	-€10m	-€18m
Key Employee Engagement Programme (KEEP) A share-based remuneration incentive to facilitate the use of share-based remuneration by unquoted SME companies to attract key employees. Gains arising to employees on the exercise of KEEP share options will be liable to Capital Gains Tax on disposal of the shares, in place of the current liability to income tax, USC and PRSI on exercise. This incentive is available for qualifying share options granted between 1 January 2018 and 31 December 2023. Three separate measures: • to increase the ceiling on maximum annual market value of shares that may be awarded to equal the amount of the salary (up from 50%); • to replace the three-year limit with a lifetime limit; and to increase the quantum of share options that can be granted under the scheme from €250,000 to €300,000.	€0m	-€10m

AGRITAXATION **Income Averaging (removal of restrictions relating to farmers with off-farm income)** Income averaging allows eligible farmers to calculate their taxable income as the average of their income in the current year and the previous four years, on a rolling basis, thus smoothing their tax liability over a 5 year cycle. **Stock relief (extended for 3yrs until end 2021)** Stock relief is a long-standing farming tax relief that encourages investment in improving stock quality and thus output. There are three separate measures: • the 25% General Stock Relief on Income Tax; • the 50% Stock Relief on Income Tax for Registered Farm Partnerships; and the 100% Stock Relief on Income Tax for Certain Young Trained Farmers (YTF).	-€1m -€8m	-€2.5m -€8m
VAT **VAT rate on tourism activities to increase to 13.5%, with the exception of newspapers and sporting facilities** Services and goods currently applying at 9% will increase to 13.5% from 1 January 2019. With economic analysis indicating that there is a decline in competitiveness in the sector, it has been decided to increase these activities to the 13.5% rate. Newspapers and sports facilities, however, will be retained at the 9% VAT rate. **VAT rate on electronically supplied publications reduced from 23% to 9%** The VAT rate on e-books and electronically supplied newspapers is being reduced from 23% to 9% with effect from 1 January 2019. This follows recent agreement among EU Finance Ministers to allow Member States apply reduced VAT rates on digital publications.	+€466m -€6m	+€560m -€8m
Capital Acquisitions Tax **Increase Group A threshold to €320,000** The current Group A tax free threshold which applies primarily to gifts and inheritances from parents to their children is being increased from €310,000 to €320,000. This increase applies in respect of gifts or inheritances received on or after the 10th of October. The cost of this change is estimated to be -€6.9 million in 2019 (as payments for CAT relate to inheritances from 1 September to 31 August each year). The full year cost, from 2020 onwards, is estimated to be €8.1 million.	- €6.9m	- €8.1m

Compliance **Employer PAYE Compliance Implementation** Revenue's updated PAYE system will be fully operational from 1 January 2019. Once implemented, this system is expected to yield additional Exchequer savings arising from increased compliance levels of taxpayers.	+€50m	+€50m
Corporation Tax **Film Relief** The scheme provides relief in the form of a corporation tax credit related to the cost of production of certain films. The credit is granted at a rate of 32% of qualifying expenditure which is capped at €70 million. The credit was due to expire at the end of 2020 and will now be extended until 2024. A new, short-term, tapered regional uplift commencing at 5% is also being introduced, subject to State aid approval, for productions being made in areas designated under the State aid regional guidelines.	-€2m	-€5m
Three Year Start Up Relief (Section 486C) Three Year Start Up Relief provides corporation tax relief for profit-making start-up companies which create and maintain jobs. The relief is being extended a further three years, until the end of 2021.	-€5.7m	-€5.7m
Accelerated Capital Allowances for Employer-Provided Fitness and Childcare Facilities This measure, introduced in Finance Act 2017, is being amended and commenced with effect from 1 January 2019. Its purpose is to incentivise employers to provide fitness and/or childcare facilities for the use of their employees, by providing an accelerated deduction for the capital investment costs incurred (certain of which are currently allowed over 8 years).	-€1.9m	-€0.6m
Accelerated Capital Allowances for Gas-Propelled Vehicles and Refuelling Equipment This is a measure to encourage investment in gas-propelled vehicles and refuelling equipment. The use of natural gas and biogas as a substitute for diesel is seen as a more environmentally friendly fuel for large vehicles such as HGVs and busses. This measure provides for the acceleration of existing allowances and therefore is cost-neutral over the lifespan of the assets.	-€1m	€0m
Corporation Tax – Anti Tax Avoidance Directive **Exit Tax** As part of Ireland's commitment to implementing the Anti-Tax Avoidance Directive (ATAD), Budget 2019 introduces a new ATAD compliant exit tax regime from Budget night. It will tax unrealised capital gains where companies migrate or transfer assets offshore such that they leave the scope of Irish tax. The rate for the new ATAD compliant exit tax will be set at 12.5%. Early introduction of this measure will provide certainty to businesses currently located in Ireland and considering investing in Ireland in the future.	€0m	€0m

Controlled Foreign Company (CFC) Rules The Finance Bill will also provide for the introduction of a Controlled Foreign Company (CFC) regime as required by the ATAD. CFC rules are an anti-abuse measure, designed to prevent the diversion of profits to offshore entities (the CFCs) in low- or no-tax jurisdictions. CFC rules are traditionally a feature of territorial tax regimes. As Ireland has a worldwide tax regime, CFC rules have not previously been a feature of the Irish corporate tax regime	€0m	€0m
Stamp Duty **Extension of Young Trained Farmers Stamp duty Relief** (section 81AA SDCA 1999) for a further three years to 31/12/2021	- €15m	- €15m
Employer's PRSI From 1 January 2019 the weekly income threshold for the higher rate of employer's PRSI will increase from €376 to €386. This follows a recommendation of the Low Pay Commission to ensure that the increase in the hourly minimum wage does not lead to work disincentives for workers, in particular those seeking to work full-time.	-€2.5m	-€3m
Increase in employer contribution to National Training Fund levy From 1 January 2019 there will be a 0.1% increase (from 0.8% to 0.9%) in the National Training Fund levy payable by employers in respect of reckonable earnings of employees in Class A and Class H employments. The full year yield is estimated €77 million. There is also a carryover from earlier rate changes which provides a total yield of €77 million in 2019.	+€69m	+€77m