

Adjournment Matters - 9th July 2013

VAT Rates Application



Denis

Landy

(Labour)

I welcome the Minister of State. I also welcome Councillor Brian Collins from Kells who is in the Visitors Gallery and who is one of the driving forces behind the campaign for VAT reform.

As a businessman, the Minister of State is very familiar with the various VAT rates which obtain here in respect of goods and services. There is a need for a comprehensive review of the VAT regime. Such a review has not been carried out and what has happened is that the various rates of VAT have evolved over time. Some of these rates have been in existence since prior to our entry to the EU and some have arisen as a result of the emergence of new goods and services. This matter was not discussed by previous Governments, nor has it been discussed to any great extent by the current Administration. The only change introduced in recent times was the reduction in the rate of VAT which relates to tourism. It has been proven that this reduction has been of major assistance to the tourism industry. Those in the tourism sector lobbied strongly for the reduction and they have proved that what they requested has borne fruit. In the first six months of the year, the number of tourists coming here was up almost 20%. Some of this increase was due to The Gathering but a great deal of it reflects the value for money available in Ireland at present.

I wish to provide a number of examples of the ludicrous situation which obtains in respect of VAT at present. The rate of VAT on fruit juice is 23%, while that relating to frozen pizzas is 0%. The rate on walking sticks is 23%, while that relating to limousine hire is 0%. The Minister of State can clearly see that there is no connection between the services people need and the system of VAT currently in place. If we carry out a review of and reform our VAT regime, this would give rise to great job creation opportunities. I alluded to tourism and it is important to note that the number of jobs and the packages on offer from hotels, restaurants and others in the sector have both increased.

The rate of VAT on wool is 23%, whereas the rate which applies in respect of purchases of gold for investment purposes is 0%.

If one wishes to buy gold for investment, it is VAT-rated at 0% while something we all have to use, toilet roll, is rated at 23%. A tax manual is rated at 0%. I could go on with other examples,

but given the weather we have at the moment, I will focus on that. Sun cream, sun hats, bottled water and ice are rated at 23%. One could imagine that we would almost prefer if the sun did not shine in this country since we have to pay 23% to protect us from the sun's rays.

The VAT rate in the tourism section which is in place at the moment is only temporary and must be reviewed. In that light I call for all rates of VAT to be reviewed before the next budget and for a reduction on the VAT rate on aids for the elderly, for example, which is currently at 23%, to the minimum rate of 4.8%.

On a lighter note - I cannot give it as the reason Tipperary were beaten last Saturday night by Kilkenny - surely VAT-rating a hurley at 23% does not help the hard-pressed tax hurlers in Tipperary. With that, I hope the Minister of State will have some good news about a review.