

# eDeposit Ireland

## Response from Derek Moran, Secretary General of the Department of Finance to An Taoiseach [Leo Varadkar], Fine Gael re: Election 2020 costings, 23 January 2020

Item Type	report
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**From:** Finance Secretary General  
**Sent:** 23 January 2020 18:26  
**Subject:** re: Election 2020 costing response 1(d)

Dear Taoiseach,

I refer to Fine Gael's fourth request to the Department for Election 2020 costings (submitted to us on 23 January, 2020). I am pleased to enclose a response to the costing sought.

Please note that the costing exercise did not examine the interaction of individual measures with other tax and/or expenditure measures.

No account has been taken of the second round impact of measures proposed, such as their positive or negative impact on economic growth, job creation, inflation or their impact on tax buoyancy.

Your attention is particularly drawn to paragraph 6 of the Guidelines for Costing Political Party Proposal for General Elections and Budgets which highlights the conditions for this facility and includes sub-paragraph (d) which says that the costing exercise will not cover the interaction of individual measures with other tax measures.

It should be borne in mind that under the preventive arm of the Stability and Growth Pact, until Ireland has reached its objective of a balanced budget in structural terms, we may not introduce discretionary revenue reductions, over and above the available fiscal space permitted under the expenditure benchmark, unless they are matched by other revenue increases or expenditure reductions. Accordingly, tax reductions may have to be offset elsewhere.

The costings, including those provided by or in conjunction with other Departments, are provided on the basis that at no time will the Department be represented as endorsing the proposals costed. Equally, the Department will not comment on the merits or otherwise of those proposals. Where caveats or assumptions have been made in this response, the Departments' positions on such issues must be accurately, fully and fairly represented.

The Freedom of Information Act 2014 does not provide for an exemption for the costings of political parties proposals. Costings prepared by the Department in the context of the Budget will be treated in the same manner as all other pre-Budget submissions/requests. As is normal practice, the Department will publish the responses issued to these requests on its website, redacting on the basis of the Freedom of Information exemptions as appropriate. Costings prepared in the context of general elections or Programmes for Government will also be dealt with in accordance with relevant provisions of the Act. Such costings will also be published on the Department's website once a new government has been formed.

If you have any queries on any of the above matters or costings, please do not hesitate to contact me.

Yours sincerely,

Derek Moran

\_\_\_\_\_  
Secretary General

\_\_\_\_\_  
An Roinn Airgeadais  
Department of Finance

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## Political Party Costing 1(D)

Could I have the following item costed today if possible:

- All income earners earning €20,000 per annum and under would be exempt from USC. To clarify, this would mean that all the income of people with annual incomes above this level would be liable to USC as is currently the case for people earning over €13,000.

**The first and full year cost of increasing the exemption to USC to €20,000 is estimated to be €52m and €61m on a first and full year basis respectively.**

**This estimate is based on projected 2020 incomes and employment trends, modelled on actual data for the year 2017, and may be revised.**