Budget 2019 - What the experts say

BUDGET 2019

Business group **Ibec** welcomed measures in the Budget which are aimed at improving the long-term sustainability of the economy after a significant increase in capital spending of €1.5bn and the elimination of the Budget deficit.

Ibec CEO Danny McCoy said that additional supports for indigenous business are also important given the uncertainty sectors exposed to Brexit face. "It is vital now that both the capital plan and Brexit mitigation supports are implemented without haste. Nevertheless, competitiveness pressures will be increased for some sectors as a result of changes made today with much of €700m in tax increases falling on business," Mr McCoy said. He also said that after a decade of running Budget deficits, Ibec was happy to see a return to surplus and a balancing of the books.

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Ian Talbot, chief executive of **Chambers Ireland,** said that Budget 2019 does nothing in the short term to enhance the country's competitiveness at this crucial time in the run-up to Brexit. No changes to the CGT regime in particular was a surprise, and **Ian Talbot** said Chambers had asked the Government to increase the earned-income tax credit by €500, but only a €200 increase was delivered.

"Increases to employers' PRSI and the National Minimum Wage will impact business costs negatively. He also said that he was extremely disappointed with the decision to increase the 9% VAT rate for the hospitality sector and this will come as a blow to regional Ireland. "We now hope that the effects of this on rural jobs might be offset by increased funding going towards tourism bodies, by expanding our market reach and delivering capital investment," he added.

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David McNamara, Economist and Director, **EY DKM Economic Advisory**, said that a cautiously optimistic tone was seen in the Finance Minister's speech today. **David McNamara** said the considered tone is no surprise with Brexit looming. "However, the focus on investing in our future, and the commitment from the Minister to "prioritise" the National Development Plan is vital. Ireland's greatest natural resource is our skilled workforce, and the plan to ramp up investment in our third level sector and R&D is vital to maintain our international competitiveness and plug the emerging skills gap," he said.

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The **Irish Exporters Association** has cautiously welcomed today's Budget, saying it was good to see the attention given to Brexit preparedness measures and future proofing the Irish economy by investing in education and SMEs.

But **Simon McKeever,** chief executive of the Irish Exporters Association, said it was concerned that the Government seems to be preparing support for Brexit based on the assumption that a deal will be done between the EU and the UK and has not factored in the potential for a no-deal crash-out by the UK. "The risk of the latter remains high and the impact to the Irish economy severe," he added.

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Peter Vale, Tax Partner at **Grant Thornton Ireland,** said there were no major surprises in today's Budget, with most of the key measures well flagged in advance.

Consistent with recent Budgets, Peter Vale said the main beneficiaries were low and middle income earners, although gains were very modest. A single individual earning €45,000 will be €4 a week better off next year. But savings on the income tax front are likely to be absorbed by so called "stealth taxes" elsewhere, he added.

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ISME has this evening welcomed the increased capital spending in today's Budget, which it said will benefit indigenous business. However, it has noted that those aspects of the Budget directly related to SMEs lack specifics.

ISME's CEO **Neil McDonnell** said that on taxation, the gap between self-employed and PAYE workers was meant to close last year. Yet this year we have only gone two fifths of the way. "The cost of full equity between self-employed and PAYE workers would have been just €37m. But this has been ignored in favour of increased spending in the public sector," he added.