

Tax exiles silent on domicile levy

NONE of Ireland's tax exiles has yet declared their intention to pay the €200,000 domicile levy, announced by the government in last December's budget to bring wealthy non-residents into the tax net, writes *Niall Brady*.

Brian Lenihan, the minister for finance, told the Dail two weeks ago that nobody has self-declared so far for the controversial tax for this year. It is payable by those with worldwide incomes greater than €1m a year, Irish tax bills of less than €200,000, and with assets in Ireland worth more than €5m at December 31, 2010.

Announcing the measure on budget day, Lenihan said: "We must ensure that every

wealthy Irish domiciliary who pays little or no income tax makes a contribution to the state, especially during times of economic and fiscal difficulty."

Fears that the levy could spark a flight of capital have led the government to exclude businesses from the valuation of the Irish assets of tax exiles, although property is included.

Lenihan said that it was impossible to predict how much money the levy will raise. Almost 7,000 non-residents filed an Irish tax return in 2008, the most recent year for which figures are available. However, many were not domiciled in Ireland, so they would not be liable for the levy.

Tax advisers have labelled the levy a "tax on citizenship". David Price, Principal, Taxmedic, said: "Wealthy Irish expats will not feel encouraged to repatriate their wealth to or invest in Ireland.

In the current climate it is hard to justify such an official rejection of investment from any quarter, least of all from Irish citizens."

The budget also targeted wealthy individuals living in Ireland, hitting them with a €55m tax grab that seeks to ensure that they pay at least 30% tax on their incomes — even if they make use of tax shelters. The move affects those earning more than €125,000 a year.

