



SCS WELCOMES COMMISSION OF TAXATION REPORT.

SEPTEMBER 2009.

The SCS welcomes the publication of the Commission on Taxation Report and believe that its proposals on property deserve serious consideration, particularly in the context of the need to widen the tax base following a lengthy period of over-reliance on stamp duty.

The SCS is supportive of the concept of an annual property tax in lieu of stamp duty for purchasers of principal private residences. It is of concern that any methodology adopted should avoid any anomalies or unfairness. We have in mind differences in values between urban and rural property, age and means of the occupier/owner, which will impact on affordability to pay the proposed levy. The seven year moratorium proposed is inadequate and ten years should be considered as the transition period starting from the date that the stamp duty was originally paid, otherwise the more recent purchasers will be paying this proposed tax 'on the double'. The SCS is of the strong belief that this tax should be used to properly fund the local authorities.

Any proposal on stamp duty needs to be clarified at the earliest opportunity otherwise a state of complete paralysis will envelop the already slow residential market.

The SCS favours a lower rate of stamp duty for residential investment property than currently exists, otherwise there is a serious chance of a withdrawal of investors from the residential property market which, in turn may have the effect of driving rents up.

The SCS would welcome the provision of an up-to-date database for all residential property in Ireland but would strongly urge that such a database is transaction based, i.e. based on actual transaction prices rather than valuation opinions.

The SCS support a modest increase in the rate of CGT on the windfall gain on lands, which materialize due to improved rezoning from a particular date. However, we consider a recurrent tax on zoned development land where such land is not being developed will lead to enormous difficulties in so far that there may be no market at the time for the land, zoned or otherwise. This latter proposal may force certain landowners into a sale situation, but without the supposed required affect of ensuring development and discouraging hoarding. The SCS supports the recommendation regarding the revaluation initiative. However, it is concerned that in order to implement this, the Valuation Office will require very significant additional resources. We are already five years into the current revaluation process and only the second Local Authority region is now being completed.