Joint Committee of Inquiry into the Banking Crisis

Clarification Statement of

Charles McCreevy

Strictly Private & Confidential
As indicated on its cover page, the document(s) contained within are confidential unless and until the Joint Committee decides otherwise including where the Joint Committee publishes such document(s). For the avoidance of doubt, “documents” include witness statements in this context. Further to section 37 of the Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013 (“the Act”), while the documents remain confidential, you must not disclose the document(s) or divulge in any way that you have been given the document(s), other than:

“(a) with the prior consent in writing of the committee,

(b) to the extent necessary for the purposes of an application to the Court, or in any proceedings of the Part 2 inquiry, or

(c) to his or her legal practitioner.”

Serious sanctions apply for breach of this section. In particular, your attention is drawn to section 41(4) of the Act, which makes breach of section 37(1) a criminal offence.

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1 See s.37 of the Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013
Finance Bills, as is common with other legislation, are the subject of a Memorandum for government and said Memorandum would rehearse the reasons and rationales for particular sections. Decisions are then taken collectively by the Cabinet.

**Finance Bill 2002:** In my Budget speech for Budget 2002 (delivered on 5 December 2001), I signalled the proposed change for the Finance Bill 2002;

“I am also aware of the difficulties being encountered in completing projects under various tax relief schemes for property investment. Therefore, I am extending the deadlines for eligible programmes under the Urban and Rural Renewal Schemes, the capital reliefs for student housing and the park and ride and multi-story car park schemes, these deadlines are being extended by two years or so, that is, to end 2004 in most cases”.

**Finance Bill 2004:** In my Budget speech for Budget 2004 (delivered on 3 December 2003), I again signalled the proposed change for the Finance Bill 2004;

“Film Relief: I have reviewed the case made to me by my colleague Mr John O’Donoghue, the Minister for Arts, Sport and Tourism, and I have decided as a result that film relief will be extended for a further period until the end of 2008, and that the ceiling per film will be increased to €15 million from 2005. Future decisions will depend on their being no further abuses of the scheme. There should also be clear evidence that the film industry can develop on a firmer footing throughout the country and not just close to Dublin.

Other Tax Incentives: A number of other reliefs were also due to expire at end 2004. I am aware that there are a range of construction projects either in the pipeline or underway which would be seriously affected by this termination date. As the end 2004 deadline approaches, pressure on construction resources will mount to deliver these projects. Accordingly, I propose to extend the termination date for all of these area based schemes until 31 July 2006, as set out in the Budget Summary. I am also renewing the relief for corporate investment in renewable energy sources until end 2006”.

In my Second Stage contribution on Finance Bill 2004, I said:

“The value of such schemes must be balanced against the important objective of ensuring a wide tax base if we are to maintain low rates. Accordingly, these reliefs are being phased out. However, arising from concerns expressed by various individuals and groups, including various local authorities, I felt that, on balance there was a rationale for allowing a longer wind down of the various tax reliefs referred to in these sections. This will allow for a more orderly completion of projects where delays had arisen for various reasons”.
General: There seems to be some misunderstanding in some commentary regarding these extensions. Tax relief on these projects are only available if the project was completed by the statutory deadlines. For a variety of reasons, (often planning) projects were held up even though promoters had expended considerable amounts of money in getting them underway. If you look at the sections of the relevant Finance Bills amending the original deadlines, you will note that there were various conditions (including planning) as to what monies would have had to have been expended to qualify.

Thus, there never was a rush of completely new projects as they would never have qualified under the amending sections.

I hope the foregoing has been of some assistance to the Committee.

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DATED: 21 October 2015