

**An Roinn Gnóthaí Pobail, Tuaithe
agus Gaeltachta**

Department of Community, Rural
and Gaeltacht Affairs



Dún Aimhirgin, 43/49 Bóthar Mespil,
Baile Átha Cliath 4, Éire.
43/49 Mespil Road, Dublin 4, Ireland.

Teileafón +353 1 647 3000
Facsimhír +353 1 647 3051
E-mail eolas@pobail.ie
Glao Áitiúil 1890 474 847

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Mr Jim Kelly
Secretary
The Commission on Taxation
Le Pole House
Ship Street Great
Dublin 8

Dear Mr Kelly

I refer to your recent correspondence and invitation to this Department to make observations to the Commission on Taxation on the Irish Tax system.

As you will be aware, the Department of Community, Rural and Gaeltacht Affairs has responsibility for a range of communities, both urban and rural, and including our Gaeltacht and island communities.

The Department wishes to make observations as set out in the attached appendices in relation to (i) islands development and (ii) Gaeltacht households that provide accommodation for students attending Irish Summer Colleges.

Yours sincerely

Mary Hurley
Principal
Corporate Governance

Appendix I

Islands Development

The Department's observations in this area relate to Terms of Reference (a) and (f) of the Commission's Review.

In fulfilling its remit for islands development, the Department of Community, Rural and Gaeltacht Affairs has invested substantial resources in developing the infrastructure of the inhabited offshore islands in recent years. Arising from this investment, the standard of piers, roads and access services has improved considerably resulting in a better quality of life for island communities generally.

In addition, a number of initiatives aimed at reducing the cost of living for island communities have been taken by various state agencies. These include:

- the introduction of an islander allowance for recipients of certain state pensions;
- a significantly reduced rate of road tax for island-based vehicles;
- the capping of passenger fares for islanders on subsidised ferry services; and
- the reduction in charges for the carriage of cargo to the islands.

While these developments have been significant in their own right, their effect can only be fully felt if further initiatives aimed at improving the availability and standard of economic opportunity on the islands are introduced. Progress in this regard is being made through the Ireland's Islands Tourism Campaign and the various financial supports available for business start-ups from the County Enterprise Boards, Údarás na Gaeltachta and LEADER.

The Department is in the process of carrying out a comprehensive study to determine key issues pertaining to the cost of living on islands generally and the constraints that apply to setting up business/commercial ventures in particular because of the extra costs involved. It is hoped that the findings of the study will help to inform new policy initiatives that will encourage entrepreneurship and business start-ups, thereby underpinning the future sustainability of island communities.

The terms of reference include the following:

the potential role, if any, of tax incentive schemes in promoting the sustainable development of the islands, including economic, social, cultural/linguistic and environmental dimensions.

It is hoped to complete the study in October 2008 and a copy of the report will be forwarded to the Commission on Taxation in due course.

Appendix 2

Supports for the Irish language in the Gaeltacht

The Department's observations in this area relate to Terms of Reference (d) of the Commission's Review.

In the context of its responsibility in relation to the strengthening and maintenance of the Irish language in the Gaeltacht, and extending its use countrywide, the Department of Community, Rural and Gaeltacht Affairs operates Scéim na bhFoghlaimoírí Gaeilge. Under this scheme the Department pays a daily grant to approved households (or "Mná Tí" as they are more commonly known) in Gaeltacht areas who accommodate Irish language learners from outside the Gaeltacht while they are attending Irish Summer Colleges. The Mná Tí are also paid for their services by the Colleges for keeping the students. The courses last an average of 21 days each and are held annually in June, July and August. There is a total of some 660 Mná Tí involved in the scheme and the average annual income of each household is relatively small for tax purposes.

The Minister for Finance announced in Budget 2004 that income received under Scéim na bhFoghlaimoírí Gaeilge by approved households would be exempted from income tax with effect from 1 January 2004. This was given legislative effect in the Finance Act 2004.

Scéim na bhFoghlaimoírí Gaeilge is one of the most successful Gaeltacht Irish language schemes and benefits not alone the Mná Tí and the Gaeltacht in general, but also some 25,000 students who seek to improve their Irish by spending time in the Gaeltacht each year. It is widely recognised that the scheme has very positive effects among the young people who attend Irish Summer Colleges.

This Department would be anxious to ensure that Scéim na bhFoghlaimoírí Gaeilge continues to operate successfully. The tax exemption is an important mechanism in ensuring that a sufficient number of Mná Tí continue to participate in the scheme and it is important that it be maintained for that purpose.