

Redmond O'Donoghue
Chairman

B20

4 June 2009

Mr Frank Daly
Chairperson
Commission on Taxation
Le Pole House,
Ship Street Great,
Dublin 8.

Re: Air Travel Tax

Dear Chairperson

I would like to thank you for the opportunity to make a submission on the Air Travel Tax which was introduced in March of this year. Please find below our submission paper on this matter.

Fáilte Ireland's research estimates that the introduction of the tax will result in a net loss of over €30m to the Irish economy on an annual basis. Moreover, this loss will be borne almost exclusively by the tourism industry. As Chairman of the National Tourism Development Authority, a body with a statutory responsibility to promote and support the tourism industry, I would request that this tax be reviewed as a matter of urgency.

While we appreciate the urgent economic context within which this measure was introduced, and the pressing need to restore fiscal balance, it is clear from our analysis that any gain to the exchequer will be off-set by a loss of earnings from price sensitive visitors who will be deterred from visiting (and consequently spending) here.

Whilst it is recognised that this measure was introduced at a time when there was a wider European trend towards such taxes, this trend has now reversed. Similar taxes in the Netherlands and Malta have been abandoned, and plans to introduce such taxes in Belgium, Denmark and Sweden have been suspended. Ireland now remains one of the few countries in Europe with such a tax, and as such now labours under a self-imposed source of competitive disadvantage.

Tourism is Ireland's largest indigenous industry generating approximately €6bn for the economy each year. Furthermore, tourism and the hospitality sector provide employment to over 230,000 people. This tax will impact negatively on jobs and businesses in a sector that is already suffering from the global downturn.

In the current economic environment, we remain vulnerable to many international events beyond our control. It is imperative therefore that Ireland makes the right decisions on those issues that remain within our control. By giving rise to a net loss to the national economy, the Air Travel Tax clearly has failed in its prime objective and should be reversed.

Once more, I would like to thank the Commission for their patience and the opportunity to make this submission. I wish you well in your deliberations.

Yours sincerely

A handwritten signature in black ink, appearing to read "Redmond". The signature is fluid and cursive, with a large initial 'R'.

Redmond O'Donoghue
Chairman