7. Commission on Taxation and Welfare

119. The report of the COTW examined Ireland's capital taxes policy in detail. The Commission placed emphasis on the importance of broadening the tax base and in particular recommended that the share of taxes from capital and wealth should be increased. This is in the context of 2.5% of tax receipts currently coming from capital taxes. The COTW made the case for significant changes to current capital taxes policy. One theme which emerged from the COTW report was that the various reliefs provided for in respect of both CAT and CGT interact in a way which provide valuable relief to those who qualify with a consequence that the amount of tax collected on the transfer of assets is diminished.

120. For CGT, the Commission made recommendations related to the treatment of assets on a death, restriction on principal private residence relief and lifetime limits on disposals to children who qualify for retirement relief. For Capital Acquisitions Tax, the commission made recommendations related to group thresholds, gifts and inheritances generally, the treatment of foster children and reductions in the availability of agricultural and business relief.

121. In relation to savings taxes, the Commission recommends that deposit interest should be treated the same as other forms of income for tax purposes over the medium term.

122. The Department will, over the medium to long term consider the wider range of issues highlighted by the COTW. In particular, the recommendation's regarding specific reliefs will be considered as each of these reliefs falls due for their periodic review.