**Statement of the Minister for Finance**
**Mr. Michael Noonan T.D.**
**13 October 2015**

## Introduction

A Cheann Comhairle,

2016, the centenary of the Easter Rising, is an opportunity to reflect on the journey travelled over the past 100 years. To recall the many major social and economic challenges along the way. It is the opportunity to celebrate the achievements, and to remember how we overcame the challenges and emerged from each stronger than ever before.

The banking, fiscal and economic crisis of recent years will rank as one of the greatest of such challenges. But we have emerged from this challenge too and we are on a new path.

The last few budgets have been hard, but they made it possible for Ireland to exit the bailout, reduce our debts and move into a real recovery. The top priority of this Budget is to keep that recovery going, while providing relief and better services for the Irish people. It includes steps like a cut in the USC, more nurses and doctors for the health service, more affordable and quality childcare, and end the unfair treatment of the self-employed. These are sensible, affordable steps that will keep the recovery going and bring its benefits to every family.

The economy is growing strongly. 1,100 jobs are being created on average every week. The public finances are in a strong position and we will exit the corrective arm of the Stability and Growth Pact this year. The banking system has been strengthened, with domestically focused, well capitalised banks operating within a European wide Banking Union.

Most importantly, our people and our country are in a much stronger and certain position than in 2011 when this Government took office. The Irish people gave this Government the task of fixing a broken economy and getting Ireland working again. We put in place a plan and the people stuck with us. It is a testament to the commitment and resilience of the Irish people that Ireland is on course to be the fastest growing economy in Europe for a second consecutive year.

A Cheann Comhairle, both parties in Government, Fine Gael and the Labour Party, know that the job of recovery is not yet complete. Though strong, the recovery remains fragile and the benefits of a growing economy have not yet been felt inside the door of every family.

We must keep the recovery going and provide relief and better services for the Irish people.

But we must not gamble with the future. This Government will not take chances that destabilise the recovery.

To raise living standards for all of our citizens over the medium term we need to boost productivity, foster innovation and remove barriers to employment. We must invest in the critical infrastructure needed in a modern economy and our plans to do so are set out in the Government's capital investment framework, *Building on Recovery*. We must create the conditions in which new ideas, innovation and entrepreneurship will be encouraged, leading to increased long-term growth and wellbeing. We must ensure that work pays.

This Budget is the final Budget of the 31st Dáil. But it is also the start of a new series of Budgets where we start to meet these challenges.

**Economic and Fiscal position**

Our economy has been transformed. It is growing strongly across all sectors and, most importantly, is sustaining and creating jobs. The economy has recovered all of the output lost during the crisis and is bigger than ever before in our history

Ireland is forecast to be the fastest growing economy in Europe again in 2015, with my Department forecasting growth at 6.2 per cent. This forecast has been endorsed by the Irish Fiscal Advisory Council.

My Department is forecasting growth of 4.3 per cent in 2016 taking account of the figures endorsed by the Irish Fiscal Advisory Council and the full impact of today's overall Budget package. Economic growth is expected to average around 3 per cent per annum thereafter.

**Risk**

Despite the strong economic position that is emerging, we must remember that Ireland is a small and open economy and that there are international concerns regarding the outlook for the global economy. These risks, which are discussed in the Economic and Fiscal Outlook of the Budget, inform our policy choices. This emphasises the importance of managing our public finances and the economy prudently.

**Labour Market**

One hundred and thirty thousand more people are now in work than at the low point in 2012 and this growth in employment is spread across the vast majority of the sectors in the economy. The Action Plan for Jobs, The Pathways to Work initiative and the strategy in successive Budgets of focusing resources on SME's in key sectors of the economy such as Agriculture, Tourism and Construction is supporting businesses to create new jobs. The pursuit of Foreign Direct Investment means Ireland continues to attract and retain a higher proportion, relative to our size, of new jobs and investment than other European Countries.

The 53,000 new jobs forecast to be created this year will bring the number in employment close to 1.97 million people by the end of this year and my Department is forecasting that 48,000 jobs will be created in 2016. This will bring the total number of people in work in Ireland to just over two million. We are on track to recover all of the jobs lost and have more people working in Ireland by the end of this decade than ever before.

Importantly, unemployment continues to fall. My Department is forecasting that the unemployment rate will fall to 8.0 per cent by the end of 2016, down from 9.4 per cent now and the peak of over 15 per cent in 2012. A significant improvement but still too high. Unemployment is forecast to drop to 6¼ per cent by 2021.

**Public Finances**

The public finances continue to improve, with a broad and growing tax base providing stable funding for vital public services. Our reformed budgetary framework and fiscal rules are designed to protect the public finances and ensure that the mistakes of the past are not repeated.

The National Economic Dialogue held in Dublin Castle last July has helped to frame the policy choices in this year's Budget.

The forecast deficit for 2015 of 2.1 per cent is well ahead of our original target of 2.7 per cent and our excessive deficit requirement of less than 3 per cent of GDP. Consequently, we will exit the corrective arm of the Stability and Growth Pact and move into the preventive arm of the Pact. This Government has consigned to the history books the days of boom and bust, and the attitude of 'if I have it, I'll spend it.'

My Department forecasts that we will balance the books in headline terms in 2018 with balance in structural terms following in 2019.

While headline deficits will continue to reduce, the anchor for fiscal policy is now a balanced budget in structural terms. This is our *medium term objective* and in 2016 we will make significant progress towards this target with the structural balance reducing by 0.8 per cent of GDP – ahead of the 0.6 per cent requirement of the Stability and Growth Pact.

This fiscal stance will enable the Government to comply with the Fiscal Rules and:

- Introduce a total budget package of €1.5 billion;
- Reduce the headline deficit to 1.2 per cent of GDP; and
- Reduce the debt to just under 93 per cent of GDP – the Eurozone average.

The benefits of this Government's approach to managing the public finances can be seen in expenditure and revenue trends. Between the end of 2014 and the end of 2016, my Department is forecasting that the economy will grow by 18 per cent in nominal terms with revenue from taxation and PRSI increasing by just under €7.2 billion or 14.7 per cent while gross voted expenditure will increase by €2.25 billion or 4.2 per cent. This sustained difference between our revenue and expenditure growth rates is why we will reduce the deficit from 3.9 per cent of GDP in 2014 to 2.1 per cent in 2015 and to 1.2 per cent next year.

Against this background, talk of an excessively expansionary Budget is well off the mark.

**Reducing the High Debt levels**

The high level of Ireland's debt has been an obvious risk to our economic progress in recent years. We are moving into a much better position now and having peaked at over 120 per cent of GDP in 2012, General Government Debt is forecast to drop to 97 per cent of GDP in 2015. Following the introduction of the Budget, as I have outlined, the debt will fall to just under 93 per cent of GDP by the end of 2016; around the Euro area average.

Taking account of cash and liquid assets, including those held by the NTMA and the Ireland Strategic Investment Fund, our net debt position will be 80 per cent of GDP by the end of this year.

This debt level, while sustainable, remains too high and remains our biggest internal risk. Debt reduction is a critical goal as building fiscal capacity or an ability to borrow is the best way to mitigate the risks of crises as yet unforeseen and undreamt of.

This Government has made significant progress in reducing both the size and cost of servicing the national debt. In addition to bringing the public finances under control, specific initiatives such as the Promissory Note transaction, the extension of maturities on our EU Loans and the early repayment of the IMF loans have also resulted in real and substantial savings to the Irish taxpayer. The interest cost of the general government debt is forecast to drop below €7 billion in 2015. It is worth recalling upon entering office it was estimated that interest costs would be in excess of €10 billion in 2015.

The Economic and Fiscal Outlook section in the Budget book forecasts that the debt to GDP ratio should be below 80 per cent of GDP by 2021, with the exact level depending on the fiscal stance pursued over the period. This forecast does not take account of the value of the States shareholdings in AIB, Bank of Ireland and PTSB. These shares are now valuable assets belonging to the taxpayer and I remain confident, based on the best advice available to me at this time, that we will recoup the investment made in these institutions.

The proceeds from the sale of the share holdings in these banks will be used to reduce the debt levels further and there will be a major impact on the debt level when these assets are sold and the proceeds are used for this purpose.

I will now turn to the specific tax measures of the Budget.

The Budget package includes €750 million in revenue relieving measures in 2016. This cost is partially offset by a single revenue raising measure, specifically the excise duty on a pack of 20 cigarettes is being increased by 50 cents, including VAT, with a pro-rata increase on other tobacco products. This public health measure will take effect from midnight tonight and will bring the price of cigarettes in the Most Popular Price Category to €10.50. This measure will raise €61.4 million in a full year and the additional revenue will enable the funding of new initiatives in the Health Sector to support young families with children.

This is the only tax increase in the Budget.

**Making Work Pay**

Creating jobs and rewarding work is a key driver of growth and prosperity in the economy. More importantly, it is essential to ensure the benefits of a growing economy are felt inside the door of every family in the country. Just under two million people in Ireland have a job and by the end of the decade we will have more people at work in Ireland than ever before.

It is critical that work pays for every family. The Taoiseach has set a key objective for the years ahead of ensuring that every family is better off in employment. However, we must strike the right balance between rewarding work for the very lowest paid and keeping the tax base as broad as possible. This was a key issue discussed during the National Economic Dialogue.

The many barriers to taking up employment include taxation, wage levels for the low paid and childcare costs, which has a very negative impact on female participation in the labour force.

These three issues are also barriers to growth and investment, and are discouraging many of our young people who have emigrated from returning home.

In Budget 2016 we have put a particular emphasis on addressing these challenges. I will address the taxation issues and my colleague, Minister Howlin, will address the other two.

The changes I introduced in Budget 2015 resulted in every worker in Ireland receiving increases in their pay this year; for many, the first increase in years. It also supported job creation across the economy. Focusing the majority of the available resources for tax reductions on low and middle income families was the right thing to do last year. By reducing the marginal rate for people earning less than €70,000, workers kept more money in their pocket.

I will continue this approach this year.

From the 1st of January, I am increasing the entry threshold to USC from €12,012 to €13,000, removing approximately 42,500 workers from the scope of the charge entirely. It is estimated that over 700,000 income earners will not be liable to USC at all from next year

I am also reducing the three lowest rates of USC.

- I am reducing the 1.5 per cent rate to 1 per cent. This applies on the first €12,012 of income;
- I am reducing the 3.5 per cent rate to 3 per cent. This applies on income in excess of €12,012 up to an increased threshold of €18,668.
- I am reducing the 7 per cent rate to 5.5 per cent. This applies on income in excess of €18,668 up to €70,044.

This will reduce the marginal rate of tax to 49.5 per cent for all earners under €70,044; the first time since the supplementary budget in April 2009 that the marginal rate has dropped below 50 per cent for middle income earners.

I am retaining the exemption from the top rate of USC for all medical card holders and those over-70 earning less than €60,000. This group will benefit from the reduction in the second USC rate to 3 per cent from 3.5 per cent.

As with the measures I introduced in Budget 2015, I have crafted these measures to restrict the benefit to people's income up to €70,000 per annum. People with higher incomes will not receive any benefit on their income above €70,000 but of course will benefit on the portion of their income below this level.

**Supporting single-income families**

I am also announcing an increase to the Home Carer Tax Credit of €190 to bring it up to €1,000 per year, to assist single income married couples with children or who care for an elderly or incapacitated relative. The income threshold up to which the home carer can earn has also been increased by €2,120. This measure will help lower-income families by allowing the home carer to earn up to €7,200 and still benefit in full from the tax credit.

These changes mean that every worker and every pensioner who currently pays income tax or USC, or both, will benefit from today's Budget changes. Taking account of the tax and expenditure measures:

- a one income family with two children earning €35,000 will see their take home increase by €57 a month due to this Budget;
- a single person, working full time on the minimum wage, earning €17,542, will see an increase of 4.2 per cent (€708) a year;
- a family with three children with parents working as a Garda and a nurse earning €55,000 and €50,000 respectively will have an additional €196 per month in their pocket; and
- a self-employed worker earning €40,000 will see a gain of €1,002 in his or her annual net income due to this budget. An increase of 3.5 per cent.

These changes enhance the progressivity of our income tax system with the top 1 per cent of income earners estimated to pay 22 per cent of all income tax and USC collected. In contrast, the bottom 75 per cent of income earners will pay 19 per cent of the total.

**Keeping the benefits of minimum wage increases in workers pockets**

Minister Howlin will announce the Government's decision in relation to the recommendations of Low Pay Commission. The PRSI system, as currently structured resulted in a situation where an employee could receive a pay increase but find themselves with less money. Following the publication of the report of the Low Pay Commission, the Government committed to taking action to address this step effect in the PRSI system.

I am introducing a tapered PRSI credit with a maximum level of €12 per week or €624 in annualised terms to alleviate the step effect across a range of incomes. This change will ensure that low income earners will see a significant improvement in net incomes.

For Employer PRSI, I am increasing the entry point to the top rate of 10.75 per cent by €20 per week to €376 per week. All of the PRSI changes will be brought forward by the Minister for Social Protection in the Social Welfare Bill.

**Capital Acquisitions Tax**
Capital Acquisitions Tax thresholds were reduced considerably over the period of the financial crisis and at a time of falling asset prices in order to help maintain the yield from capital taxes.

In recognition of the recovery in asset prices, particularly property, I have decided to increase the Group A tax-free threshold, which broadly applies to transfers between parents and their children, from €225,000 to €280,000.

**Local Property Tax**
I will be making a proposal to Government to postpone the revaluation date for the Local Property Tax from 2016 to 2019. This is one of the recommendations in the Review of the Local Property Tax submitted to me by Dr. Don Thornhill, which is being published online today.

The postponement of the revaluation date means that home owners will not be faced with significant increases in their LPT in 2017 as a result of increased property values and it gives sufficient time for the other recommendations to be considered in full. Legislation to implement the postponement will be brought forward in due course.

**Exemptions for properties significantly affected by pyrite**
In relation to exemptions for properties significantly affected by pyrite, I am accepting the recommendations made by Dr. Thornhill. Accordingly, I have asked Revenue to agree to a change in LPT procedures on an administrative basis, pending the implementation of necessary legislative amendments. Full details are included in the Review.

**Pension Fund Levy**
Deputies may recall that the Government introduced a pension fund levy to finance the reduced rate of VAT and the other measures in the Jobs Initiative that I presented to the House in 2011, shortly after taking office. The pension fund levy has done its job and is no longer needed to fund the 9 per cent VAT rate because it is more than made up by increased activity and employment. So I can confirm that the remaining pension fund levy of 0.15 per cent introduced for 2014 and 2015 will end this year and not apply in 2016. The original 0.6 per cent levy ended in 2014.

**Extension of Bank levy to 2021**
The current Financial Institutions Levy which I originally introduced for the 3 year period from 2014 to 2016 allows for a contribution from the banking sector to the economic recovery. The levy, which brings in €150 million per annum, is currently calculated on the basis of DIRT payments made in 2011. I propose to extend the bank levy to 2021, subject to a review taking place of the methodology used to calculate the levy. This measure will bring in an additional €750 million over the period; a very significant additional contribution to the Exchequer. The

scale of the levy over the period is equivalent, for example, to the cost of the new National Children's Hospital.

**Encouraging Entrepreneurs and supporting small business owners**
Small and medium enterprises right across the country are critical to our economic well-being and in the business economy account for 99.7 per cent of all enterprises and 68 per cent of all employment, some 730,000 jobs. All of these SMEs are being run by entrepreneurs. We need to encourage new entrepreneurs and support existing entrepreneurs.

Earlier this year, I launched a public consultation seeking the views of Irish entrepreneurs on additional tax measures we could take to sustain the progress we have made to date.

Income Tax as currently structured, means that an employee will take home a greater proportion of their salary than a small business owner or entrepreneur on the same gross income. This disparity was raised frequently during the public consultation process. To start addressing this disparity I am introducing an Earned Income Tax Credit to the value of €550. It will be available to those with earned income who do not have access to the PAYE credit. This will be a significant benefit to small business owners right across the country, including small retailers, publicans, farmers and tradesmen. I see this measure as a first step and further steps will be taken in future budgets, as resources permit.

Capital Gains Tax was also highlighted as an issue during the consultation process. Successful entrepreneurs often look for new challenges. To assist them and reward their hard work, I am introducing a revised Capital Gains Tax relief from the 1st of January 2016. A reduced capital gains tax rate of 20 per cent will apply to the disposal in whole or in part of a business up to an overall limit of €1 million in chargeable gains. The relief will represent a simplified and upfront benefit for individuals who propose to sell their business.

Based on the findings of a review of the three-year tax relief for certain start-up companies, I propose to extend this relief in its current form for a further three years until the end of 2018. The relief has been identified by entrepreneurs as an important support. The review, which is being published today found that in 2013, the relief supported 1,038 companies who employ 11,750 people at an estimated cost of €4.9m.

**Continuing to build strong sectors**
Over the last four years, I introduced and extended a wide range of targeted tax measures to promote the growth of new enterprises and to sustain existing ones. These supply side initiatives assisted the rebuilding of the economy sector by sector. An economy built on a number of strong sectors is more stable, more resilient and less susceptible to shocks. One key lesson we have learned from the most recent crisis is the danger of an overreliance on one sector for growth, jobs and taxation.

I am continuing this approach this year.

**Tourism sector**
The reduction in VAT to 9 per cent in the tourism sector and the abolition of the air travel tax improved Ireland competitiveness. The benefit of these policies can be seen in tourist numbers, new businesses, the survival of established businesses and, most of all, in employment. The 9 per cent VAT rate is a major benefit to the tourism sector and is much sought after by other sectors in the economy. While the case for retaining the measure for the hotel sector in Dublin is diminishing each year with room rates rising particularly during major events, the case for retention of the measure for the rest of the country remains. So, I will not be making any changes to the 9 per cent VAT rate in this Budget.

**The Agri-Food sector**

I have often stated how important the farming and agri-food sector is to the economy. It is not just the sheer economic importance of a sector that is responsible for over 12 per cent of our exports and 169,000 jobs, it is the fact that this economic activity and these jobs are located across the length and breadth of our country.

Consequently, I am announcing the extension of the general stock relief, the stock relief for young trained farmers, the stock relief for registered farm partnerships and the stamp duty exemption for young trained farmers for a further three years to the end of 2018.

I am introducing a new succession transfer proposal to provide increased certainty about the timing of the transfer of a family farm to the next generation of farmers. This will greatly assist with long-term planning and farm productivity. The proposal, which is subject to state aid approval, will allow two people, for example family members, to enter into a partnership with an appropriate profit-sharing agreement which makes provision for the transfer of the farm to the younger farmer at the end of a specified period, not exceeding ten years. To support this transfer, an income tax credit worth up to €5,000 per annum for five years will be allocated to the partnership and split according to the profit-sharing agreement.

**Micro-breweries**

The production of drinks is an increasingly important sub-sector of the agri- food sector. Last year, I increased the amount of beer that micro-breweries could produce and still qualify for this excise relief. To further assist their development, the relief will now be available upfront thus reducing the cash-flow burden of the current rebate scheme.

**Supporting Retailers by reducing costs and incentivising electronic payments**

I wish to support Retailers and other merchants by reducing costs and incentivising electronic payments. Payments are the lifeblood of a modern economy and the National Payments Plan aims to modernise our payment practices and help Ireland take full advantage of modern payment methods. Many of our retailers and service providers have made significant investments in their electronic payment systems, with debit card and contactless payment facilities available in nearly all of our shops, restaurants and pubs. The improvements in mobile technology means that the majority of service providers and sales people can also now offer their customers the option of paying by card.

This has benefitted retailers, consumers and the wider economy.

However retailers in Ireland currently face excessive fees for accepting card payments. This needs to be addressed. A new EU regulation is halving the so-called interchange fees faced by retailers to 30 basis points for credit cards. I am today halving the corresponding fee for debit cards to 10 basis points. These changes significantly reduce the costs of accepting card payments and combined, these reductions will save retailers an estimated €36 million in fees per year. These changes come into effect on the 9th of December this year. It is important that this saving is passed on to the consumer in terms of lower prices, and this new fee regime will be monitored closely to ensure this happens.

In parallel, the transaction limit on contactless payment cards is being raised from €15 to €30 on the 31st of October. Together with the reduction in bank fees, retailers should now bring an end to practices such as requiring a minimum payment for card use.

To further encourage and incentivise greater usage of card payment by consumers I will recast the €5 Stamp Duty on Debit/ATM cards. From the 1st of January 2016, this stamp duty will be removed and replaced with a 12c charge per ATM transaction. There will be no charge for debit card transactions. No consumer will be lose out as a result of this change as the stamp duty will be capped at the existing levels of €2.50 or €5 depending on card type.

**Supporting Businesses in Ireland by reducing transportation costs**
Almost every business in Ireland is reliant on transportation by road for their raw materials and to get their product to the market. As a result transportation costs are a major issue for every business in Ireland; big and small. To keep Ireland competitive and to help businesses, I have decided to significantly reduce the commercial motor tax rates.

Road tax for large goods vehicles in Ireland is too high by comparison with the regime applying in Northern Ireland and the rest of the UK. This is causing distortions in the haulage industry and increasing costs across the economy.

So I am simplifying the rates of commercial motor tax by replacing the 20 existing rates with just 5 rates of commercial motor tax, ranging from €92 to €900 with effect from the 1st of January 2016. Furthermore, over 28,500 commercial vehicles will benefit from these reductions.

The most significant reductions are concentrated on the larger goods vehicles. The maximum rate of commercial motor tax will be €900 per annum, down from €5,195.

This is an interim measure pending the replacement of the current commercial motor tax regime with a fairer basis for calculating commercial motor tax, which will be based on the Gross Design Vehicle Weight of the goods vehicles.

**Film Relief**
Ireland has a significant opportunity as a location for the production of films and television programmes. Having reviewed the film tax credit, I am increasing the cap on the eligible expenditure to €70 million. This limit will be kept under review going forward. It is my hope that the industry will now make the necessary investments in studio space in order to attract high quality films and create new jobs. This change is subject to state aid approval.

**Fostering Innovation**
As I have outlined, fostering innovation in Ireland will be critical to our new economic model. To incentivise substantive R&D and innovation, as committed to last year, I will introduce, in the Finance Bill, a knowledge development box – or KDB. This will be the first OECD-compliant KDB in the world. This puts Ireland in a unique position to offer long-term certainty to innovative industries planning their research and development investments.

Income that qualifies for the KDB will be subject to a reduced rate of corporation tax of 6.25 per cent. The KDB adds a further dimension to our 'best in class' competitive corporation tax offering, which includes the 12.5 per cent headline rate; the R&D tax credit; and the intangible asset regime.

This significant enhancement to our corporation tax regime shows Ireland's ability to retain our core strengths, while keeping a keen competitive edge in attracting and retaining quality jobs and investment to our country.

**International Tax Strategy**
Today I am publishing an update on our International Tax Strategy. This update explains our approach to the implementation of the OECD Base Erosion and Profit Shifting reports and how we will engage with the emerging EU tax agenda.

Ireland is well positioned to compete in this new international environment. Our corporation tax system is transparent and statute-based. Our long-standing policy has been to align our tax system with substantial economic activity, investment and jobs.

To enhance transparency, we will provide in the Finance Bill for the introduction of country-by-country reporting, in line with the OECD recommendations.

**Independent review of Marine taxation supports**
The Budget Book contains details of various reviews. This includes the independent review of Marine taxation supports that I am publishing today and my officials will be examining the proposals in conjunction with the relevant departments, with a view to establishing the feasibility of their implementation in future Budgets.

**Employment and Investment Incentive scheme**
I announced changes to the Employment and Investment Incentive scheme last year subject to compliance with European State Aid provisions. The changes I am making ensure this compliance, so with effect from midnight, the amount of finance that can be raised by a company is doubled to €5 million annually subject to a lifetime maximum of €15 million, up from €10 million. The Scheme is also being improved by allowing investments in the extension, management and operation of nursing homes, and all eligible small and medium-sized enterprises can qualify for the Scheme irrespective of geographical location.

**Increasing the supply of residential housing**
It is clear that there is a market failure in the provision of new housing across the country but particularly in Dublin. Driven by demographic demands and strong economic growth, there is a requirement for a minimum of 10,000 new units per annum in the Dublin area but the market only delivered 3,300 units in the last year.

In line with the NAMA Act, I asked the NAMA Board to review the residential sites under its control and to estimate what it could deliver on a commercial basis, in terms of residential units, over the next five years consistent with NAMA's mandate to deliver the best financial return to the taxpayer.

In response, NAMA is aiming to deliver a target of 20,000 residential units before the end of 2020. 90 per cent of these units will be in the greater Dublin area. About 75 per cent of these units will be houses, mainly starter homes. NAMA will deliver these units by working with developers. Achieving this new target by the end of 2020 means delivering on average 80 new housing units every week across some 100 active sites.

This commitment will require funding of the order of €4.5 billion, which will all be recovered, and will support 30,000 house building and ancillary jobs based on peak funding. This initiative will not compromise NAMA's debt repayment commitments.

**Conclusion**
As we look forward and plan for 2016 and the years ahead, the opportunity now exists to build an economy that delivers secure and well paid jobs, incomes and pensions, world class infrastructure, high quality public services and certainty.

Certainty about the future. No booms, no busts.

Every measure in this Budget is designed to grow the economy, create additional jobs and increase living standards.

When implemented, the measures will deliver real benefits, boost confidence across the country and give families the prospect of a stable future with living standards increasing steadily year by year.

To further increase confidence and to enhance the stability that is so essential to growth and prosperity I would like to indicate how today's announcement will be further developed if we are returned to Government.

As resources become available we will:

- progressively abolish the USC to reward work and reduce the marginal rate to no more than 50 per cent for all workers to make Ireland more attractive for mobile foreign investment and skills, including for our returning emigrants;
- complete tax equalisation for the self-employed and other measures to support job creators;
- increase public spending within a reformed public service, built on a solid platform of steady economic growth;
- promote innovation as a driver of economic growth; and
- defend our 12.5 per cent corporation tax rate and promote innovation as the linchpin of our jobs policy, underpinned by strong alliances with our European partners.

The Budget I have announced today will help to secure the recovery.

It will provide stability to families across the country.

It will reward work, enterprise and innovation.

It will provide the resources for investment in essential public services.

It will provide working families with more money in their pockets and higher quality public services.

It will give certainty to the Irish people of a better future.

But more important than anything else, it will keep the recovery going.

I commend this Budget to the House.