Economic Update

Seamus Coffey
Employment

Index of Employment Numbers
Regional Employment Numbers (Q3 2007 = 100), 2007-2016

Source: CSO: QNHS
Employment ex. Construction

Index of Employment Numbers
Regional Employment Numbers (Q3 2007 = 100), 2007-2016

Source: CSO: QNHS
## Household Sector Current Accounts Q1-Q3, €millions

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>VALUE OF OUTPUT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>less intermediate consumption</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GROSS DOMESTIC PRODUCT</strong></td>
<td>22,001</td>
<td>17,690</td>
<td>19,824</td>
<td>20,602</td>
<td>21,560</td>
</tr>
<tr>
<td>less compensation of employees</td>
<td>(3,359)</td>
<td>(3,013)</td>
<td>(3,129)</td>
<td>(3,119)</td>
<td>(3,686)</td>
</tr>
<tr>
<td>less other taxes on production</td>
<td>(44)</td>
<td>(161)</td>
<td>(550)</td>
<td>(475)</td>
<td>(465)</td>
</tr>
<tr>
<td>plus subsidies on production</td>
<td>566</td>
<td>476</td>
<td>358</td>
<td>590</td>
<td>369</td>
</tr>
<tr>
<td><strong>GROSS OPERATING SURPLUS</strong></td>
<td>19,165</td>
<td>14,993</td>
<td>16,504</td>
<td>17,597</td>
<td>17,778</td>
</tr>
<tr>
<td>plus wages earned</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>from the government sector</td>
<td>14,604</td>
<td>14,466</td>
<td>13,922</td>
<td>14,324</td>
<td>14,699</td>
</tr>
<tr>
<td>from non-financial corporates</td>
<td>35,947</td>
<td>29,450</td>
<td>33,068</td>
<td>35,660</td>
<td>38,312</td>
</tr>
<tr>
<td>from financial corporates</td>
<td>4,485</td>
<td>4,808</td>
<td>4,937</td>
<td>5,043</td>
<td>5,015</td>
</tr>
<tr>
<td>from the household sector</td>
<td>3,359</td>
<td>3,013</td>
<td>3,129</td>
<td>3,119</td>
<td>3,686</td>
</tr>
<tr>
<td>from rest of the world</td>
<td>318</td>
<td>405</td>
<td>410</td>
<td>406</td>
<td>402</td>
</tr>
<tr>
<td>less interest paid</td>
<td>(5,836)</td>
<td>(3,034)</td>
<td>(1,219)</td>
<td>(956)</td>
<td>(887)</td>
</tr>
<tr>
<td>plus interest earned</td>
<td>2,746</td>
<td>1,501</td>
<td>(819)</td>
<td>707</td>
<td>868</td>
</tr>
<tr>
<td>plus net property and other income</td>
<td>3,973</td>
<td>1,847</td>
<td>2,941</td>
<td>2,984</td>
<td>2,693</td>
</tr>
<tr>
<td><strong>GROSS NATIONAL INCOME</strong></td>
<td>77,857</td>
<td>66,941</td>
<td>73,986</td>
<td>78,401</td>
<td>82,101</td>
</tr>
</tbody>
</table>
Gross Domestic Product

Seasonally Adjusted Quarterly GDP at constant (2014) market prices

Source: CSO, Quarterly National Accounts
Gross Domestic Product
Seasonally Adjusted Quarterly GDP at constant (2014) market prices

Source: CSO, Quarterly National Accounts
Gross Domestic Product
Seasonally adjusted Quarterly GDP at constant (2013) market prices

Source: Central Statistics Office
Gross Capital Stock Held at End of Year (€bn)

Source: CSO *preliminary estimate
Contribution of MNCs

Each year US companies in Ireland:
- Pay €6 billion salaries to around 100,000 employees
- Undertake an average of €3 billion capital investment in Ireland
- Buy €4 billion of goods and services from Irish suppliers
- Pay €3 billion of Corporation Tax
Outperformance

Ireland is just over 1% of the EU economy but has:

• 17% of the profits
• 3% of the persons employed
• 3% of the wage bill
• 8% of the capital investment in tangible assets from US companies in the EU
The risk of the CCCTB

In this approach the tax base is allocated on the basis of sales, capital assets and employees. The proposed formula for the tax base is:

$$\pi_i = \Pi \left[ \left( \frac{1}{3} \times \frac{k_i}{K} \right) + \left( \frac{1}{3} \times \frac{s_i}{S} \right) + \left( \frac{1}{3} \times \frac{l_i}{L} \right) \right]$$

Where:

- $\pi_i$ = profit to be taxed in country $i$
- $\Pi$ = total profits to be taxed in the EU
- $k_i/s_i/l_i$ = capital/sales/labour in country $i$
- $K/S/L$ = total capital/sales/labour in the EU
CCCTB and Pharma Manufacturing

- Almost 1/4 of the GOS in the EU from the manufacture of pharmaceuticals is located in Ireland.
- The source principle grants Ireland the taxing right to this profit.
- Ireland collects €700 million per annum in CT from this.

- However, under a CCCTB scenario Ireland has:
  - 8% of the capital investment
  - 3% of the employees
  - 4% of the employee costs
  - 1% of sales

- This would give Ireland 4% of the tax base – a loss of four-fifths.
Corporation Tax Receipts

Corporation Tax Receipts 2000-2016

- CT Receipts
- NFCs
- FCs
UK exit from the EU

GBP to EUR Chart

18 Feb 2007 00:00 UTC - 14 Feb 2017 06:42 UTC  GBP/EUR close: **1.18126** low: **1.02271** high: