



**SANDYFORD**  
**BUSINESS DISTRICT**

[WWW.SANDYFORD.IE](http://WWW.SANDYFORD.IE)

# Pre-Budget 2024 Submission

**SEPTEMBER 2023**

# 1. Introduction

Sandyford BID CLG is a not-for-profit organisation governed by a dedicated probusiness voluntary board of directors. The organisation came into existence in January 2017 following a plebiscite when businesses in SBD voted in favour of establishing a Business Improvement District. Every business, no matter how big or small, has an equal vote.

The company was established in January 2017 to provide support for businesses within Sandyford Business District (SBD) and those looking to relocate and invest in SBD. The vision of Sandyford BID CLG is to establish SBD as a world class destination in which to live, work and connect. SBD extends across approximately 190 hectares and is bounded by Drummartin Link Road to the West, Kilmacud to the north and Leopardstown in the south.

Sandyford BID CLG wishes to see Sandyford Business District become a world class vibrant sustainable integrated mixed-use area. Sandyford BID CLG has a very clear idea as to how the district should evolve in terms of development of supporting amenities for existing and future residents and visitors to include pocket parks, green spaces, restaurants, coffee shops, more active frontage at ground level in buildings, supported by cycleways and greater access within the District. Sandyford Business District contains over 1,000 companies and has already seen the development of many attractively designed large office buildings in recent years which are currently catering to large numbers of office workers. Sandyford BID supports the continued expansion of offices in the district.

The number of office workers at present is estimated to be in the vicinity of 26,000 and it has been estimated that this has the potential to increase to 48,500. Recently granted and implemented planning permissions for residential has also provided an increase in the population living in the district. Sandyford BID CLG supports the continued delivery of residential units in the district and recommends an increase in residential units to be built in the period 2024-2028 from 1,000 units to 3,000 units, to support and encourage commercial development. Bringing additional residential accommodation will also support a night-time economy and build a sustainable neighbourhood.

Sandyford Business District is home to a positive mix of both FDI and indigenous SMEs and it is on their behalf and that of the existing residential population of approximately 5,000 that we make this submission to the Government. It is a microcosm of the national commercial scene, with over 70% of companies of an SME nature, complimented by a smaller number of FDI companies who are responsible for large employment. The FDI has been part of a national strategy which has enabled SBD and Ireland at a macro level become an economic powerhouse. However, similar focus and ambition needs to be targeted at the indigenous SME sector to further enable a sustainable economy and to allow these companies to grow and innovate both on a national and international stage.

Sandyford BID CLG supports Government focus and investment in the following key areas;

1. Supporting a competitive economy
2. Building the foundations for a secure and prosperous future
3. Targeting the high costs of business

## 1.1 Focus and Approach

Sandyford BID CLG supports Government focus and investment in the following key areas;

1. Supporting a competitive economy
2. Building the foundations for a secure and prosperous future
3. Targeting the high costs of business

The government should consider the following in its approach to Budget 2024;

- Sandyford BID remains concerned that the Government has become over reliant on Corporation Tax revenue to fund current expenditure. Ireland's Corporation Tax Rate of 12.5% will expire in 2023 as the country adopts the OECD's anti-Base Erosion and Profit Shifting (BEPS) Framework. When enacted, Ireland will have to apply a minimum Corporation Tax rate of 15% on all corporates with revenue in excess of €750 million. With this in mind, the Government should plan to restore the 'Rainy Day' Fund, with a minimum contribution of 25% of excess Corporation Tax revenue for 2023-2025, to be reviewed in Budget 2026.
- Sandyford BID supports the Government's approach to Capital Expenditure, including the revised National Development Plan (2021 for €165 billion spend) and the commitment to spend €12bn on critical infrastructure in 2023.
- That said, we believe that the Government should establish a Commission on Public Expenditure, particularly in times of high inflation.



# 2. Taxation

## 2.1 Entrepreneur Relief

Entrepreneur Relief gives a CGT rate of 10% on gains from the disposal of qualifying business assets. This is reduced from the standard rate of 33%. This relief is particularly important given the disproportionately high standard CGT rate. However, the rate is heavily criticised, with its cap at €1m chargeable gains and criteria that is too narrow to allow angel investors to benefit. According to the Government's own calculations the cost of increasing the relief to €10m would cost the exchequer €74m while increasing the relief to €15m would cost €77m.



## 2.2 Capital Gains Taxes

In 2008, Ireland's capital gains tax rate was 20% - today the Irish rate of 33% is the 3rd highest in the EU. This places Irish family businesses at a distinct disadvantage as compared to their European peers. Ireland's Foreign Direct Investment (FDI) strategy has a low corporation tax rate as its cornerstone. Conversely Ireland's Capital Gains Tax Rate acts as a disincentive to investment in indigenous enterprises. The OECD Report on 'SME and Entrepreneurship Policy in Ireland' stated the following about Ireland's CGT rate: "The Irish Capital Gains Tax rate of 33% is high compared to the OECD mean, which may discourage investment and entrepreneurship".

Recent evidence clearly shows that a reduced rate of CGT can stimulate activity and increase exchequer revenues. In Budget 1998, the then Minister for Finance Charles McCreevy cut the standard Capital Gains Tax rate from 40% to 20%. There was a significant growth in tax revenues immediately after the rate was halved (far beyond the Department of Finance's projections) with strong growth in general non-housing related investments. From 2009, successive Governments have increased the CGT rate {20% - 22% -25%-30%-33%}. In recent years, CGT revenue with a rate applied of 33% has failed to return the high yields of the last decade despite asset values recovering

### 2.3 Entry point to Marginal Rate of Personal Income Tax

To ensure SMEs can pay the appropriate salaries for their employees and to ensure workers receive a fair net pay for their labour, Sandyford BID recommends that the Government raises the entry point to the marginal rate of personal income tax to €50,000.

Despite intense competition and a labour skills shortage that has defined a “War for Talent,” workers in Ireland pay one of the highest marginal tax rates in the world on salary levels below the average wage; in fact, only flat-tax countries have a lower entry point to their marginal rates. A high marginal rate of tax distorts behaviour in such a way that the Government never gets anywhere near the full economic value of an increase. The OECD has warned that Ireland’s “high marginal rates of personal taxation may constrain entrepreneurship as well as the attraction of talented entrepreneurial labour from abroad”, while Táoiseach Leo Varadkar has previously said that the Ireland’s high tax rates will be a “major disincentive” when competing for remote workers.

### 2.4 Commercial rates

Budget 2024 is an ideal opportunity to assess the commercial rates model as a method of collecting revenue for local authorities. The rates are based on assumptions regarding rental values in an ever-changing market and do not take into account a businesses ability to pay. It is an antiquated system and does not reflect the Government’s own Town Centre First focus. It is a prime opportunity for the Government to do a full review of the Commercial Rates system.



## 3. Cost of Business Operations

It is important to note that with the support and proactiveness of the Government, along with the significant efforts and sacrifices of Businesses and employees, Ireland has emerged from the Pandemic with one of the strongest Economic growth rates and a rapid rebound in numbers employed.

However, it is not without some significant issues that need to be addressed to sustain the current positives.

While inflation has gone down from last year's highs, it remains at a relatively high level. According to the Central Statistics Office (CSO), inflation The Consumer Price Index (CPI) rose by 5.8% between July 2022 and July 2023, down from an annual increase of 6.1% in the 12 months to June 2023. The Central Bank of Ireland (CBI) estimates Headline HICP inflation is expected to average 5.3 per cent in 2023, before decreasing in 2024 and 2025.

### 3.1 War for Talent

With a situation of full employment, many businesses are struggling to expand due to labour shortages. This is not just restricted to the hospitality industry that suffered immensely because of the Pandemic, but also construction, IT and Engineering.

Greater support is required by government to support full-time workers who wish to avail of part-time education but may be excluded from the State's Free Fees Initiative.

#### Recommendations include:

- A multi-year approach to raising the standard rate cut off threshold to €50,000. As the Minister for Finance noted earlier this year, Standard Rate Cut-Off Point for single persons was increased in budget 2023 by €3,200 or 8.7% to €40,000 in 2023, with commensurate increases for persons who are married/in civil partnerships. Sandyford BID would like to see that rise in the coming years.
- Upskilling the Workforce – utilising existing specialist companies e.g. Skillnet Ireland. In its 2021-25 strategy, Skillnet has set a target of supporting 100,000 workers and 30,000 per year in upskilling. This ambitious target should be given as much support as possible going forward.
- In Budget 2023, a €1,000 Government contribution to Student Contribution for Free Fee Scheme students in the academic year 2022 to 2023 was introduced. The government said that Students who are “part-time, postgraduates, paying non-EU or repeat year fees and undergraduates are not eligible for free fees.”

### 3.2 Labour Costs

In addition to addressing labour shortages, there are labour costs that the Government can either exacerbate or alleviate.

#### Recommendations include:

- The Introduction of any new employee supports (Sick Pay, Pension Provision etc.) should be cost-neutral for Irish businesses (offset by reducing employer PRSI etc.)
- To help alleviate against the rising labour costs and falling margins, Sandyford BID believes that a temporary reduction for employer PRSI should be introduced to help stem the continuing impact of rising costs.

### 3.2 Inflationary Pressures

We have already acknowledged that there are increased inflationary pressures on businesses and employees post pandemic and the Government needs to continue to intervene heavily to stem these pressures.

#### Recommendations include:

- Energy costs are at unprecedented levels and the Government should consider reducing VAT on electricity and gas bills
- Whilst acknowledging that the Government devised and implemented the Tax warehousing scheme, it should extend the deadline by 12 months minimum which would be very beneficial to many businesses
- With energy costs in mind, the Government should consider introducing one off grants to offset against the continuing significant rises in energy costs.



## 4. Building the foundations for a secure and prosperous future

In the aftermath of the pandemic, Ireland is currently experiencing a phase of rapid change. The working environment has undergone significant and likely permanent transformation. Furthermore, the economy has been affected by various external pressures, including the pandemic itself, post-pandemic supply chain issues, and the persistent challenge of high inflation. In light of these uncertain and challenging times, Sandyford BID proposes that the government should prioritize certain key areas for progress.

1. Planning
2. Investment in Sustainability, Climate Change and their relevant industries
3. Infrastructure, Transport & Mobility
4. Innovation and Digitalisation

### 4.1 Planning

The Government and by extension, the Local Authorities, must continue to develop a framework of planning regulations and plans. However, the recent Pandemic has highlighted the necessity for the country to maintain flexibility within these plans and swiftly adapt to changing circumstances in order to foster economic growth.

#### Recommendations include:

- Annual reviews of planning zones provide an opportunity to introduce a greater level of flexibility and adaptability. Given the pressing housing crisis, it becomes imperative to establish a more fluid model that allows for changes in various aspects of planning.
- For instance, the current market conditions indicate a stagnation in new commercial and office developments. Consequently, it becomes crucial to explore alternative strategies to maximise the potential of such sites. One promising approach is to consider a change of use, specifically incorporating residential elements into these locations. This could be achieved through a mixed-use development, combining commercial and residential spaces to create vibrant and sustainable communities. Such a transformation to increase strategic delivery of housing will foster economic growth.
- On the back of this recommendation, all local authorities should be adequately resourced to review applications in a timely manner.
- An improvement is needed for An Bord Pleanála, similar to the resourcing of Local Authorities planning departments. It is crucial to secure additional resources to address the appeals process, which is currently experiencing a near standstill.
- The Planning system in Ireland is considered archaic and outdated, leading to a lack of sufficient resources. Consequently, the parallel judicial system also requires additional resources. Sandyford BID strongly believes that the planning reform is not only crucial for the future of Ireland but also vital for the development of a successful and fair economy.

## 4.2 Investment in Sustainability, Climate Change and their relevant industries

Ireland has committed to achieving highly ambitious emissions targets, aiming to reduce its carbon emissions by 51% by 2030 and ultimately achieve carbon neutrality by 2050. However, the current trajectory suggests that these targets are at risk of being missed by a significant margin.

Recent global events have brought a heightened attention to the critical issue of energy, including its financial implications and its detrimental impact on the environment during the production process. In light of this, it is imperative for Ireland to attract substantial investment in renewable energy sources. By doing so, the country can reduce its dependence on fossil fuels and decrease reliance on other nations for meeting its energy needs. This transition towards sustainable energy solutions is crucial for Ireland to achieve its emission reduction goals and contribute to global efforts in combating climate change.



## Recommendations include:

- **Investing heavily in and seeking outside investment for Offshore and Onshore Wind farms**
  - Ireland is in a prime position to take advantage of the available technology for Offshore and Onshore Wind farms. By harnessing this renewable source of energy, Ireland can significantly reduce its dependence on non-renewable energy sources and make a substantial contribution towards meeting its energy requirements.
- **Electric vehicles and charging infrastructure**
  - Electric Vehicles, Plug-in Hybrids and Hybrids continue to increase their market share, with a combined market share (year to date) now of 43.63%. Despite this, the lack of charging infrastructure remains a major obstacle for consumers considering the switch to Electric Vehicles. To address this, there is a need for further incentives for households and businesses to install EV charging points. Additionally, encouraging co-charging schemes would allow other users to access existing charging infrastructure and charge accordingly. Although the National EV strategy plan has called for the expansion of the national network, more needs to be done to meet the growing demand. For instance, the recent decision to install just 2 new public slow chargers in Sandyford Business District, an area with 1,000 companies, 26,000 employees and 5,000 residents highlights the need for further investment in charging infrastructure. Sandyford is part of Dun Laoghaire Rathdown County, a county that has only 3 fast chargers, the busiest of which is in Sandyford Business District.
- **Supporting SMEs in achieving emissions targets**
  - SMEs have a significant role to play in achieving emissions targets. However, they will require financial support, potentially in the form of a tax credit. This support would enable SMEs to invest in cleaner technologies and practices, thereby reducing their carbon footprint and contributing to overall emissions reduction efforts.

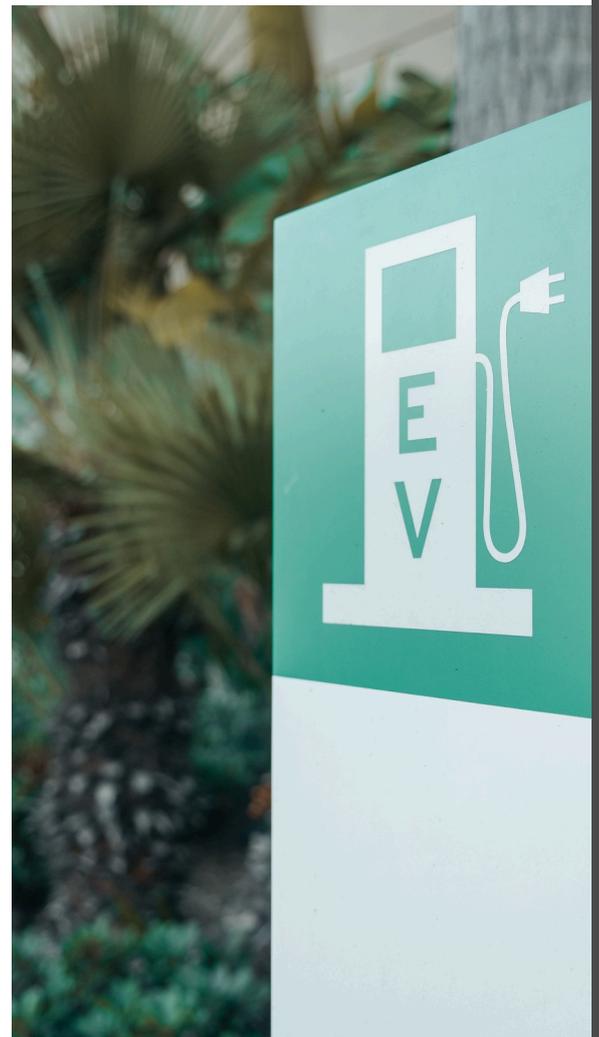
### 4.3 Infrastructure, Transport & Mobility

As previously mentioned, Sandyford BID fully supports the Government's approach to Capital Expenditure, which includes the recently revised National Development Plan (NDP) for a substantial spend of €165 billion in 2021. Moreover, we commend the commitment to allocate €12 billion towards critical infrastructure in 2023. However, it is crucial to acknowledge the continuing inflationary pressures, particularly in this sector. Given these challenges, we strongly believe that exercising prudence is essential. Therefore, we propose the establishment of a Commission on Public Expenditure or an oversight committee to ensure responsible management of resources.

The revised National Development Plan (NDP) prioritises areas such as housing, water infrastructure, climate change, transport and regionalisation. This plan has the potential to ensure that public infrastructure will not have the same bottleneck issues as is currently being experienced into the future, as the population of the State potentially surpasses six million by 2040.

#### Recommendations include:

- Prioritise capital spending to enhance public transport infrastructure with an emphasis on providing electrified transport for urban areas, including Sandyford Business District in conjunction with investment in Active Travel infrastructure as is best practice in other EU countries.
- This priority should also include actual progress on major important transport initiatives such as the Metrolink from Dublin Airport and its proposed spur to Sandyford via UCD and the Dart + Programme. Both of these initiatives should also be well served by complimentary electrified extensions such as Demand Responsive Transport in the form of small footprint electric buses, electric car-sharing options and E-bikes, creating Mobility hubs/islands to create an end-to-end solution.



#### 4.4 Innovation and Digitalisation

It is widely recognised that Ireland is home to a significant number of global leading technology companies and their services and products. However, this is not necessarily reflected in the skillset of SMEs that may struggle to adapt to the fourth Industrial Revolution. As new technologies like Web3 and Generative A.I continue to take, shape, SMEs must be educated and prepared to utilise these tools as they begin to proliferate throughout all digital services. Failure to do this will not only hamper their progress on a national scale, but internationally too, particularly in the current mobile employment market

#### Recommendations include:

- Continue to rollout programmes to enable SMEs to upskill and digitalise their offerings through bodies such as the Local Enterprise Offices – the Pandemic offering of the Trading Online voucher was very successful and similar approaches should be encouraged and financially supported. These programmes should also include information around cybersecurity and trust services, as these are critical for the vitality and development of SMEs.
- The current initiatives led by organizations like the Connected Hubs network should be expanded to include a larger number of SMEs in order to enhance the education and training in Digital Skills. By broadening the scope of these programs, more SMEs will have the opportunity to benefit from the valuable resources and support provided by the Connected Hubs network, which will ultimately contribute to the overall growth and development of digital skills within the education sector.
- Utilise the abundant resources provided by numerous corporations and foreign direct investment (FDI) in Ireland. For instance, we can consider the Microsoft “Dreamspace” program as an example. This initiative focuses on educating children in coding. Building on this concept, we can develop similar programs tailored specifically for small and medium-sized enterprises (SMEs) to enhance their business operations. These programs aim to facilitate the utilisation of available resources and foster growth within the SME sector.





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