

Fiachra Quinlan

#1/1

**From:** Kevin Nolan  
**Sent:** 02 November 2016 17:19  
**To:** Croke, Mick  
**Cc:** Fiachra Quinlan; Pat Leahy  
**Subject:** RE: Ministerial approval - Finance Bills CSAs - sections 13 and 55

**Sensitivity:** Confidential

Mick

Rory O'Kelly is reminding us of the strict 11 AM tomorrow deadline for CSAs to be lodged with the Bills Office. Was Aengus O'Hanrahan in the OPC able to release a Stamped copy of the sn 13 CSA?

Many thanks.

KN

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**From:** Kevin Nolan  
**Sent:** 02 November 2016 15:14  
**To:** 'Croke, Mick'  
**Cc:** Fiachra Quinlan; Pat Leahy  
**Subject:** RE: Ministerial approval - Finance Bills CSAs - sections 13 and 55  
**Sensitivity:** Confidential

Mick

The Minister's approval of the Sn13 CSA (PRsAs) is indicated in the attached email from the Minister's Private Secretary (Justin Dolan).

I understand that the Memo for Govt on the CSAs (including the PRSA related one) was approved yesterday at Cabinet but that the formal decision text is still awaited from the Govt. Secretariat.

In the meantime, I understand the OPC has been issuing stamped CSA texts in advance of the formal written Govt decision.

Thanks.

KN

---

**From:** Croke, Mick [<mailto:miccroke@revenue.ie>]  
**Sent:** 02 November 2016 15:02  
**To:** Kevin Nolan  
**Subject:** FW: Ministerial approval - Finance Bills CSAs - sections 13 and 55

Kevin,

Please see attached from Aengus.

Would you have any update on the status of the PRSA amendments?

#1/2

Regards,

Mick

REDACTED

MATSHILL

#113

Tabhair faoi deara nach féidir leis na Coimisinéirí Ioncaim rátháilocht a thabhairt go bhfuil aon sonraí pearsanta agus iogair a gcuirtear isteach i ngnáth-théacs trí r-phost caighdeánach go huille is go hiomlán slán. Meastar go nglacann custaiméirí a úsáideann an cainéal seo le haon riosca bainteach. I measc na modhanna cumarsáide eile atá ag na Coimisinéirí ná post caighdeánach agus an rogha ár seirbhís (criptithe) M'Fhiosruithe a úsáid, tá sí ar fáil laistigh de Mochúrsáí agus ROS. Is féidir leat clárú le baghaidh ceachtar Mochúrsáí nó ROS ar shuíomh gréasáin na gCoimisinéirí.

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REDACTED

MATERIAL

H1/4

**Mary Ryan**

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**From:** Justin Dolan  
**Sent:** 28 October 2016 15:47  
**To:** Mary Ryan  
**Cc:** Sean Kinsella; Rosemary Kearney  
**Subject:** RE: Submission: [01037-16: Committee Stage amendments to section 13 (Retirement benefits)]

Mary,

Cleared by Minister,

Justin

Sent from my Windows Phone

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**From:** Mary Ryan  
**Sent:** 28/10/2016 13:39  
**To:** Justin Dolan  
**Cc:** Sean Kinsella; Rosemary Kearney  
**Subject:** Submission: [01037-16: Committee Stage amendments to section 13 (Retirement benefits)]

Justin,

Attached for the Minister's attention and clearance pl.

Regards,

Mary

**From:** Mary Ryan  
**Sent:** 28 October 2016 13:21  
**To:** Mary Ryan  
**Subject:** Submission: [01037-16: Committee Stage amendments to section 13 (Retirement benefits)]

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## [01037-16: Committee Stage amendments to section 13 (Retirement benefits)] - For Review by Minister

- **To:** Minister
- **Status:** For Review by Minister
- **Purpose:** For Decision
- **Division/Office:** Budget & Economics Division
- **Decision By:**
- **Author:** Fíachra Quinlan
- **Owner:** Sub\_FIN Ministers Office
- **Reviewers:** Kevin Nolan, Pat Leahy, Gary Tobin

#1/5

## 01037-16: Committee Stage amendments to section 13 (Retirement benefits)

<b>To:</b> Minister	<b>Author:</b> Fiachra Quinlan
<b>Status:</b> For Review by Minister	<b>Owner:</b> Sub_FIN Ministers Office
<b>Purpose:</b> For Decision	<b>Reviewers:</b> Kevin Nolan, Pat Leahy, Gary Tobin
<b>Division/Office:</b> Budget & Economics Division	
<b>Decision By:</b>	

### Action Required

To agree a Committee Stage amendment (sn13) to provide that RACs which have not matured on or by the time an individual attains the age of 75 years will be treated as maturing in similar circumstances as PRSAs are treated in the Bill as initiated.

### Executive Summary

You previously agreed a proposal to prevent possible tax avoidance in respect of PRSA's and this was included in section 13 of the Finance Bill

Since the publication of the Bill, it has been brought to Revenue's attention that, as is the case with PRSAs, Retirement Annuity Contracts (RACs) are also being used for tax planning purposes in a similar fashion. RACs are a type of insurance contract approved by Revenue to provide retirement benefits, mainly for the self-employed. Where retirement benefits are not taken from an RAC, there is no Benefit Crystallisation Event (BCE) and, in addition, on death, the proceeds go tax free to the individual's estate. Unlike PRSAs, however, RACs do not fall within the imputed distribution regime in section 790D of the TCA 1997.

Section 13 is clarified in respect of the proposed transitional arrangements for individuals who are over 75 at the time of the passing of the Bill and who face a deemed vesting of their PRSA's on that date to access the assets in their PRSA (by annuity, retirement lump sum or transfer to an ARF) and such access will have to be completed by March 2017.

#1/6

The section is also clarified in respect of the recovery of chargeable excess tax on a vested PRSA/RAC where the owner is over 75 to be recovered by the administrator from the PRSA/RAC assets.

There is a change in respect of a BCE for a PRSA/RAC and liability to chargeable excess tax.

## Comments

- (28/10/2016 13:05:58) Gary Tobin: Minister, this is essentially another anti-avoidance provision similar to the PRSA provision already in the bill.

## Detailed Information

### **Finance Bill 2016 - Committee Stage amendments to section 13 (Retirement benefits)**

The committee stage amendments of section 13 of the Finance Bill as published, some of which are substantive and some technical, or "clarifying", in nature, reflect further consideration of the provisions of section 13 of the Bill as initiated in the light of feedback and commentary received by Revenue since publication. They will act to ensure that the provision operates as intended.

The amendments can be summarised as follows:

Since the publication of the Bill, it has been brought to Revenue's attention that, as is the case with PRSAs, Retirement Annuity Contracts (RACs) are also being used for tax planning purposes in a similar fashion. RACs are a type of insurance contract approved by Revenue to provide retirement benefits, mainly for the self-employed. Where retirement benefits are not taken from an RAC, there is no BCE and, in addition, on death, the proceeds go tax free to the individual's estate. Unlike PRSAs, however, RACs do not fall within the imputed distribution regime in section 790D of the TCA 1997.

#1/7

It is proposed that RACs which have not matured on or by the time an individual attains the age of 75 years will be treated as maturing in similar circumstances as PRSAs are treated in the Bill as initiated. These amendments would provide –

- for a new definition of "vested RAC" and the deemed vesting of RACs in similar circumstances to PRSAs,
- for a BCE of an amount equal to the value of the RAC on the date on which the individual attains 75 years or, on the date the Finance Act 2016 is passed, in the case of individuals who are 75 before that date, with transitional measures applying for the latter group, and that on later death the RAC assets would be treated as assets of an ARF.

Section 13 as initiated provides for transitional arrangements for individuals who are over 75 at the date of passing of the Bill and who will face a deemed vesting of their PRSA(s) on that date. While such individuals will be allowed to receive a payment of their PRSA assets in the form of an annuity or a retirement lump sum or to transfer their PRSA assets into an Approved Retirement Fund (ARF), they will not be allowed access the assets in their PRSA in any other circumstances, for example, by way of periodic withdrawals. It is now proposed to amend the new subsection (2D) to make this clearer and to impose a cut-off point by which such individuals can take benefits from that PRSA (i.e. by 31 March 2017).

In addition, the amended subsection (2D) will also make provision for any chargeable excess tax arising on a vested PRSA where the PRSA owner is over 75 to be recovered by the administrator from the PRSA assets

Similar provisions are being made in relation to vested RACs

Where a BCE is due to occur in respect of a PRSA or RAC (or other retirement arrangements), section 787R(4) allows the scheme administrator to seek a declaration from the contributor regarding prior BCEs so that the administrator can determine if the BCE in question gives rise to chargeable excess tax. However, Revenue has been advised, that declarations in respect of PRSAs and RACs in respect of individual's over 75 may not be forthcoming in an effort to "stymie" the anti-avoidance measures which will leave the administrator unable to determine the amount of any BCE subject to chargeable excess tax.

It is proposed to amend section 787R to require an individual to provide a declaration to his or her administrator within 30 days of the deemed vesting of the PRSA or RAC, regardless of whether or not it is requested by the administrator. If a timely declaration is not made, the entire value of the BCE will be chargeable to tax in accordance with section 787Q

Other minor technical amendments are proposed to ensure clarity of the provisions.

#1/8

## Action Logs

**Created:** 27/10/2016 16:06:59: Submission created by Fiachra Quinlan

**Sent For Review:** 27/10/2016 16:14:53: Submission sent to Kevin Nolan for Review by Fiachra Quinlan

**Sent For Review:** 27/10/2016 16:22:52: Submission sent to Pat Leahy for Review by Kevin Nolan

**Sent For Review:** 27/10/2016 18:22:07: Submission sent to Gary Tobin for Review by Pat Leahy

**Sent to the Secretary General:** 28/10/2016 13:06:04: Submission sent to Secretary General for Review by Gary Tobin

**Sent to the Minister:** 28/10/2016 13:07:56: Submission sent to Minister for Review by Niamh Murtagh

**Sent by email:** 28/10/2016 13:21:04: Email sent by Mary Ryan to Mary Ryan,



**Kevin Nolan**

#2/1

**From:** Croke, Mick <miccroke@revenue.ie>  
**Sent:** 02 November 2016 15:20  
**To:** Kevin Nolan  
**Subject:** RE: Ministerial approval - Finance Bills CSAs - sections 13 and 55  
**Sensitivity:** Confidential

Thanks Kevin,

Regards,

Mick

---

**From:** Kevin Nolan [mailto:Kevin.Nolan@finance.gov.ie]  
**Sent:** 02 November 2016 15:14  
**To:** Croke, Mick  
**Cc:** Fiachra Quinlan; Pat Leahy  
**Subject:** RE: Ministerial approval - Finance Bills CSAs - sections 13 and 55  
**Sensitivity:** Confidential

Mick

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Thanks.

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**Sent:** 02 November 2016 15:02  
**To:** Kevin Nolan  
**Subject:** FW: Ministerial approval - Finance Bills CSAs - sections 13 and 55

Kevin,

Please see attached from Aengus.

Would you have any update on the status of the PRSA amendments?

Regards

REDACTED  
MATERIAL

#2/3

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MATERIAL

#2/3

## Email secured by Check Point

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Kevin Nolan

#3/1

**From:** McCabe, Brian <bmccabe@revenue.ie>  
**Sent:** 02 November 2016 11:08  
**To:** 'Jennifer Hoban'  
**Cc:** Kevin Nolan; Croke, Mick  
**Subject:** RE: Finance Bill

Jennifer

Kevin Nolan is Donal's replacement.

Regards

Brian

---

**From:** Jennifer Hoban [mailto:jennifer.hoban@insuranceireland.eu]  
**Sent:** 02 November 2016 10:53  
**To:** McCabe, Brian  
**Subject:** Finance Bill

Hi Brian,

I ought to know this but who has taken over from Donal Murtagh as the Finance pensions person?

We may have a few queries on the PRSA provisions in the Finance Bill to run past Finance and Revenue (you?).

Regards,

Jennifer

Jennifer Hoban | Company Secretary & Life Assurance Manager  
Insurance Ireland | Insurance Centre, 5 Harbourmaster Place, IFSC, Dublin 1, D01 E7E8. Main: 353 1  
8781820 Direct: +353 1 6447785 | Mobile: + 353 86  
8120595.  
w:[www.insuranceireland.eu](http://www.insuranceireland.eu)

e: [jennifer.hoban@insuranceireland.eu](mailto:jennifer.hoban@insuranceireland.eu)



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#3/2

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**Kevin Nolan**

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# 4/1

**From:** Kevin Nolan  
**Sent:** 27 October 2016 15:59  
**To:** 'Croke, Mick'; 'McCabe, Brian'  
**Cc:** Fiachra Quinlan; Pat Leahy; Rory O'Kelly  
**Subject:** RE: Section 13 FB - proposed CSA

**Importance:** High  
**Sensitivity:** Confidential

<b>Tracking:</b>	<b>Recipient</b>	<b>Read</b>
	'Croke, Mick'	
	'McCabe, Brian'	
	Fiachra Quinlan	
	Pat Leahy	Read: 27/10/2016 16:03
	Rory O'Kelly	

Hi Mick / Brian

From what I can gather there is little or no appetite for Report stage amendments this year. So, if we want this Sn13 amendment to become a reality it'll have to be a CSA. The Memo for Govt on the CSAs has to be in eCabinet by noon tomorrow; but before that, Gary and the Minister must approve it. The Minister doesn't normally come in here on Fridays so effectively we have just this PM. You can appreciate that we therefore need the submission and para for the Memo for Govt now.

Many thanks.

KN

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**From:** Kevin Nolan  
**Sent:** 26 October 2016 15:13  
**To:** 'Croke, Mick'  
**Cc:** Fiachra Quinlan; Pat Leahy; Rory O'Kelly; Gary Tobin; 'McCabe, Brian'  
**Subject:** RE: Section 13 FB - proposed CSA

Mick

Sorry to be a pest, but I'm being pressed about progress on items 1 and 3 below in particular.

During 2<sup>nd</sup> stage this AM, Deputy Murphy raised the SFT threshold and why it is in his opinion so high. For the wrap-up speech by the Minister (which conceivably could happen tonight if they run out of speakers) I'm proposing to make a very brief mention of the SFT as per the text below.

Many thanks.

KN

Deputy Murphy mentioned the Standard Fund Threshold (SFT) for pensions. The SFT is the maximum allowable pension fund on retirement for tax purposes. It was introduced in Finance Act 2006 to prevent over-funding of pensions through tax-relieved arrangements. The threshold was initially set at €5 million. It was subsequently

reduced to €2.3 million with effect from 7 December 2010 and further reduced to €2 million with effect from 1 January 2014.

#4/2

**From:** Kevin Nolan  
**Sent:** 25 October 2016 11:33  
**To:** 'Croke, Mick'; McCabe, Brian  
**Cc:** Fiachra Quinlan; Pat Leahy; Rory O'Kelly; Gary Tobin  
**Subject:** Section 13 FB - proposed CSA  
**Importance:** High

Mick

Further to your 'phone call earlier alerting us to the need for a CSA for sn 13 of the FB (PRSAS), there are a number of steps/deadlines

1. A submission on the proposed CSA needs to be cleared by Gary Tobin ASAP.
2. The deadline for receipt of draft text by the OPC is 5pm Thursday 27<sup>th</sup> October.
3. A Memo for Govt on the proposed CSAs will be entered into eCabinet on Friday 28<sup>th</sup> am – we'll need a brief description of what is involved for sn 13 to go into that Memo for Govt.
4. Stamped copy of CSA text has to be lodged with the Bills Office no later than 11AM on Thursday 3rd November.

Many thanks.

KN

*Kevin Nolan | Tax Policy Division | Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2 DO2 K728 |*

**Direct:** (+353) 01 604 5581

**Website:** [www.finance.gov.ie](http://www.finance.gov.ie)



Kevin Nolan

#5/1

**From:** Croke, Mick <miccroke@revenue.ie>  
**Sent:** 27 October 2016 17:38  
**To:** Kevin Nolan; McCabe, Brian  
**Cc:** Fiachra Quinlan; Pat Leahy; Rory O'Kelly; Gary Tobin  
**Subject:** RE: Section 13 FB - proposed CSA  
**Attachments:** FB2016 CSAs - Memo for Govt1.doc

Kevin,

Material for Memo for Govt. now attached.

Regards,

Mick

---

**From:** Kevin Nolan [mailto:Kevin.Nolan@finance.gov.ie]  
**Sent:** 25 October 2016 11:33  
**To:** Croke, Mick; McCabe, Brian  
**Cc:** Fiachra Quinlan; Pat Leahy; Rory O'Kelly; Gary Tobin  
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#5/2

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#5/3 ,

REPORTED

PLASTERING

**Kevin Nolan**

#6/1

**From:** Croke, Mick <miccroke@revenue.ie>  
**Sent:** 27 October 2016 16:02  
**To:** Kevin Nolan; McCabe, Brian  
**Cc:** Fiachra Quinlan; Pat Leahy; Rory O'Kelly; Gary Tobin  
**Subject:** RE: Section 13 FB - proposed CSA  
**Attachments:** FB2016Commteeamendnote\_to\_Minister (3a).doc

Kevin.

Submission on the proposed CSAs attached.

I'm available to discuss.

Regards,

Mick

---

**From:** Kevin Nolan [mailto:Kevin.Nolan@finance.gov.ie]  
**Sent:** 25 October 2016 11:33  
**To:** Croke, Mick; McCabe, Brian  
**Cc:** Fiachra Quinlan; Pat Leahy; Rory O'Kelly; Gary Tobin  
**Subject:** Section 13 FB - proposed CSA  
**Importance:** High

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Tabhair faoi deara nach féidir leis na Coimisinéirí Ioncaim ráthaíocht a thabhairt go bhfuil aon sonraí pearsanta agus iogair a gcuirtear isteach i ngnáth-théacs trí r-

#6/2

phost caighdeánach go huile is go hiomlán slán. Meastar go nglacann custaiméirí a úsáideann an cainéal seo le haon riosca bainteach. I measc na modhanna cumarsáide eile atá ag na Coimisinéirí ná post caighdeánach agus an rogha ár seirbhís (criptithe) M'Fhiosruithe a úsáid, tá sí ar fáil laistigh de MoChúrsaí agus ROS. Is féidir leat clárú le haghaidh ceachtar MoChúrsaí nó ROS ar shuíomh gréasáin na gCoimisinéirí.

#6/3

## *Finance Bill 2016*

### *Committee Stage amendments to section 13 (Retirement benefits)*

The committee stage amendments, some of which are substantive and some technical, or “clarifying”, in nature, reflect further consideration of the provisions of section 13 of the Bill as initiated in the light of feedback and commentary received by Revenue since publication. They will act to ensure that the provision operates as intended.

The amendments can be summarised as follows:

- Since the publication of the Bill, it has been brought to Revenue’s attention that, as is the case with PRSAs, Retirement Annuity Contracts (RACs) are also being used for tax planning purposes in a similar fashion. RACs are a type of insurance contract approved by Revenue to provide retirement benefits, mainly for the self-employed. Where retirement benefits are not taken from an RAC, there is no BCE and, in addition, on death, the proceeds go tax free to the individual’s estate. Unlike PRSAs, however, RACs do not fall within the imputed distribution regime in section 790D of the TCA 1997.

It is proposed that RACs which have not matured on or by the time an individual attains the age of 75 years will be treated as maturing in similar circumstances as PRSAs are treated in the Bill as initiated. These amendments would provide –

- for a new definition of “vested RAC” and the deemed vesting of RACs in similar circumstances to PRSAs,
  - for a BCE of an amount equal to the value of the RAC on the date on which the individual attains 75 years or, on the date the Finance Act 2016 is passed, in the case of individuals who are 75 before that date, with transitional measures applying for the latter group, and
  - that on later death the RAC assets would be treated as assets of an ARF.
- Section 13 as initiated provides for transitional arrangements for individuals who are over 75 at the date of passing of the Bill and who will face a deemed vesting of their PRSA(s) on that date. While such individuals will be allowed to receive a payment of their PRSA assets in the form of an annuity or a retirement lump sum or to transfer their PRSA assets into an Approved Retirement Fund (ARF), they will not be allowed access the assets in their PRSA in any other circumstances, for example, by way of periodic withdrawals. It is now proposed to amend the new subsection (2D) to make this clearer and to impose a cut-off point by which such individuals can take benefits from that PRSA (i.e. by 31 March 2017).

In addition, the amended subsection (2D) will also make provision for any chargeable excess tax arising on a vested PRSA where the PRSA owner is over 75 to be recovered by the administrator from the PRSA assets.

7/6/4

Similar provisions are being made in relation to vested RACs

- Where a BCE is due to occur in respect of a PRSA or RAC (or other retirement arrangements), section 787R(4) allows the scheme administrator to seek a declaration from the contributor regarding prior BCEs so that the administrator can determine if the BCE in question gives rise to chargeable excess tax. However, Revenue has been advised, that declarations in respect of PRSAs and RACs in respect of individual's over 75 may not be forthcoming in an effort to "stymie" the anti-avoidance measures which will leave the administrator unable to determine the amount of any BCE subject to chargeable excess tax.

It is proposed to amend section 787R to require an individual to provide a declaration to his or her administrator within 30 days of the deemed vesting of the PRSA or RAC, regardless of whether or not it is requested by the administrator. If a timely declaration is not made, the entire value of the BCE will be chargeable to tax in accordance with section 787Q.

- Other minor technical amendments are proposed to ensure clarity of the provisions.

# 7/1

**Kevin Nolan**

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**From:** McCabe, Brian <bmccabe@revenue.ie>  
**Sent:** 26 October 2016 15:54  
**To:** Kevin Nolan; Croke, Mick  
**Cc:** Fiachra Quinlan; Pat Leahy; Rory O'Kelly; Gary Tobin  
**Subject:** RE: Section 13 FB - proposed CSA

Kevin

Mick is not here this pm. We'll get the submission on the CSAs to you tomorrow (we are still finalising the extent of them based on the feedback we're getting from industry sources and are trying to draft them to meet the OPC deadline!). We should be able to provide Memo material at the same time.

As regards the Minister's wrap up to the second stage – the material you propose is fine subject to the suggestions highlighted.

Regards

Brian

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**From:** Kevin Nolan [mailto:Kevin.Nolan@finance.gov.ie]  
**Sent:** 26 October 2016 15:13  
**To:** Croke, Mick  
**Cc:** Fiachra Quinlan; Pat Leahy; Rory O'Kelly; Gary Tobin; McCabe, Brian  
**Subject:** RE: Section 13 FB - proposed CSA

Mick

Sorry to be a pest, but I'm being pressed about progress on items 1 and 3 below in particular.

During 2<sup>nd</sup> stage this AM, Deputy Murphy raised the SFT threshold and why it is in his opinion so high. For the wrap-up speech by the Minister (which conceivably could happen tonight if they run out of speakers) I'm proposing to make a very brief mention of the SFT as per the text below.

Many thanks.

KN

Deputy Murphy mentioned the Standard Fund Threshold (SFT) for pensions. The SFT is the maximum allowable pension fund on retirement for tax purposes. It was introduced in Finance Act 2006 to prevent over-funding of pensions through tax-relieved arrangements. The threshold was initially set at €5 million. It has subsequently been reduced significantly, initially to €2.5 million with effect from 7 December 2010 and further reduced to €2 million with effect from 1 January 2014. At the end of the day the level at which the SFT is set is a matter of judgement and in my view it is currently pitched at the right amount.

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**From:** Kevin Nolan  
**Sent:** 25 October 2016 11:33  
**To:** 'Croke, Mick'; McCabe, Brian  
**Cc:** Fiachra Quinlan; Pat Leahy; Rory O'Kelly; Gary Tobin  
**Subject:** Section 13 FB - proposed CSA  
**Importance:** High

Mick

#7/2

Further to your 'phone call earlier alerting us to the need for a CSA for sn 13 of the FB (PRSAS), there are a number of steps/deadlines

1. A submission on the proposed CSA needs to be cleared by Gary Tobin ASAP.
2. The deadline for receipt of draft text by the OPC is 5pm Thursday 27<sup>th</sup> October.
3. A Memo for Govt on the proposed CSAs will be entered into eCabinet on Friday 28<sup>th</sup> am – we'll need a brief description of what is involved for sn 13 to go into that Memo for Govt.
4. Stamped copy of CSA text has to be lodged with the Bills Office no later than 11AM on Thursday 3rd November.

Many thanks.

KN

Kevin Nolan [Tax Policy Division] Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2 D02 K728 |

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**Kevin Nolan**

#811

**From:** Croke, Mick <miccroke@revenue.ie>  
**Sent:** 21 October 2016 16:43  
**To:** Kevin Nolan  
**Cc:** Fiachra Quinlan; McCabe, Brian; Dalton, Jennifer  
**Subject:** RE: FB 2nd stage speech material  
**Attachments:** Personal Retirement Savings Accounts.doc; Personal Retirement Savings Accounts1.doc

**Sensitivity:** Confidential

Kevin,

Apologies for the delay.

I attach some suggested amendments for consideration.

Regards,

Mick

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**From:** Kevin Nolan [mailto:Kevin.Nolan@finance.gov.ie]  
**Sent:** 21 October 2016 13:15  
**To:** Croke, Mick  
**Cc:** Fiachra Quinlan; McCabe, Brian; Dalton, Jennifer  
**Subject:** RE: FB 2nd stage speech material  
**Sensitivity:** Confidential

Mick

As discussed, below is foreshortened material.  
This is just 186 words and has a better chance of going into the speech "undisturbed".

Many thanks.

KN

Personal Retirement Savings Accounts (PRSAs) were introduced in 2002 as low cost, easy-to-access private pension savings vehicles designed to allow individuals to save for retirement flexibly and to transfer their pension funds between jobs. They are available to anyone regardless of employment status.

Revenue has brought to my attention certain tax-planning opportunities entailing PRSA assets being passed to surviving spouses or civil partners in a "tax-free" manner that was not envisaged by the legislation. Section 13 of the Bill will close-off the tax-planning opportunities concerned by amending the legislation to ensure that all PRSA benefits are deemed to commence on the PRSA owner's 75th birthday i.e. deemed to become vested PRSAs on that date, regardless of whether the benefits commence on that date or at all, and that such a deemed vesting of a PRSA comes within the imputed distribution regime and is treated as a Benefit Crystallisation Event (BCE) for Standard Fund Threshold purposes. In addition, where PRSA owners have, to date, maintained their PRSAs intact beyond their 75th birthday, these will be deemed to vest on the date of passing of Finance Bill 2016.

---

**From:** Croke, Mick [mailto:miccroke@revenue.ie]  
**Sent:** 21 October 2016 11:55

#8/2

To: Kevin Nolan  
Cc: Fiachra Quinlan; McCabe, Brian; Dalton, Jennifer  
Subject: RE: FB 2nd stage speech material  
Sensitivity: Confidential

Kevin,

We have made some changes to your draft for consideration – these are mainly concerned with a rearranging of some of your material & a “softening” the avoidance aspect.

I attach a tracked and clean version.

Regards,

Mick

---

**From:** Kevin Nolan [<mailto:Kevin.Nolan@finance.gov.ie>]  
**Sent:** 20 October 2016 16:38  
**To:** McCabe, Brian  
**Cc:** Croke, Mick; Fiachra Quinlan  
**Subject:** FB 2nd stage speech material  
**Sensitivity:** Confidential

Brian

I’m proposing the material below for inclusion in the Minister’s 2<sup>nd</sup> stage speech on the FB. Any comments, etc. you might have would be welcome.

Many thanks.

KN

**Section 13 - Personal Retirement Savings Accounts (PRSAs) and Tax Planning**

Personal Retirement Savings Accounts (PRSAs) were introduced in 2002 as low cost, easy-to-access private pensions savings vehicles designed to allow individuals to save for retirement flexibly and to transfer their pension funds between jobs. They are available to anyone regardless of employment status.

Because of their particular features and flexibility, PRSAs have increasingly become used for pension tax-planning purposes for high net-worth individuals. The Revenue Commissioners have brought to my attention that the legislation requiring that benefits payable from a PRSA should not commence before the PRSA owner’s 60<sup>th</sup> birthday and not later than the PRSA owner’s 75<sup>th</sup> birthday has been interpreted in a fashion that facilitates pension benefits never being drawn from the PRSA. As a result of this interpretation, the PRSAs in question are never subject to the imputed distribution regime that applies to vested PRSAs, are passed to the spouses of the PRSA owners on death (after age 75) tax-free in a manner that was not envisaged by the legislation. They also avoid being treated as benefit crystallisation events (BCEs) for the purposes of determining if the PRSA owner’s pension benefits exceed the life-time Standard Fund Threshold (SFT) limit, or Person Fund Threshold (PFT) where applicable.

Section 13 of the Bill will close-off the tax-planning opportunities by amending the legislation to ensure that all PRSA benefits are deemed to commence on the PRSA owner’s 75th birthday. This means they will be deemed to become vested PRSAs on that date, regardless of whether the benefits commence on that date or at all, and that such a deemed vesting of a PRSA comes within the imputed distribution regime and is treated as a benefit crystallisation event (BCE) for purposes of the Standard Fund Threshold. In addition, where PRSA owners have, to date, maintained their PRSAs intact beyond their 75th birthday, these will be deemed to vest on the date of passing of Finance Bill 2016.

#8/3

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#8/4

Personal Retirement Savings Accounts (PRSAs) ~~are~~ were introduced in 2002 as low cost, easy-to-access private pension savings vehicles designed to allow individuals to save for retirement flexibly and to transfer their pension funds between jobs. They are available to anyone regardless of employment status.

Revenue has brought to my attention certain tax-planning opportunities entailing PRSAs ~~assets being passed to surviving spouses or civil partners in a "tax-free" manner that were~~ not envisaged by the legislation. Section 13 of the Bill will close-off the tax-planning opportunities concerned by amending the legislation to ensure that all PRSA benefits are deemed to commence on the PRSA owner's 75th birthday i.e. deemed to become vested PRSAs on that date, regardless of whether the benefits commence on that date or at all.

~~and that such a deemed vesting of a PRSAs which become vested in these circumstances will~~ comes within the imputed distribution regime, ~~and he is treated as a Benefit Crystallisation Event (BCE) for Standard Fund Threshold purposes and, on the death of the PRSA owner, pass to a surviving spouse or civil partner under the rules applying to Approved Retirement Funds.~~

~~In addition, w~~Where PRSA owners have, to date, maintained their PRSAs intact beyond their 75th birthday, these will be deemed, subject to transitional arrangements, to vest on the date of passing of Finance Bill 2016.