



# Submission to the Department of Finance on Capital Acquisitions Tax

7 March 2017



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## **Private and Confidential**

John Hogan  
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Business Tax Team  
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**7 March 2017**

Dear John,

### **Agricultural Relief for land let to solar farm developers**

We in the Irish Solar Energy Association ("ISEA") have prepared this submission in the context of the anticipated consultation process to be run by the Department of Finance on the capital acquisition tax ("CAT") treatment of farmers who let their land for the purpose of the developing a solar farm. This submission has been prepared with assistance from tax advisers, KPMG.

We refer specifically to the comments made by Minister Noonan in Dáil debates on 23 November 2016 in which he recognised that the current CAT treatment for farmers gave rise to a "genuine issue" for the solar industry which "may be an issue of greater magnitude in a year or two or three years than it is now". In those debates, Minister Noonan pointed towards a Department of Finance consultation as the logical next step.

In anticipation of this consultation process, we are making this submission to offer the perspective of some of the key participants in the solar industry in Ireland and to offer a proposed solution for your consideration. We have also outlined some detail on the nature of the issue at hand and the persuasive arguments for change.

ISEA is a representative body for the solar industry in Ireland which was founded in May 2013. Listening to our members, we have identified the current CAT treatment of farmers as one of the key commercial issues for our members owing to the fact that it impacts on their ability to source suitable sites for solar development. At a macro level, the inability of our members to source suitable sites will curtail the amount of solar development which can take place in Ireland and will therefore, in turn, impact on Ireland's ability to meet the renewable energy targets agreed with the EU.

We would emphasise that this is an urgent issue for our members and not an issue for two or three years time. The inability to obtain lease options over suitable sites is very much a current issue.

We welcome the Department of Finance consultation process on this topic and would be delighted to discuss any questions or comments which you may have on this topic either in advance or during the consultation period.

Yours sincerely,



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Chairman of the Irish Solar Energy Association



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Partner, KPMG

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## Section 1 - Background

The focus of this submission is on the current CAT treatment of farmers who lease their land for the purpose of developing a solar farm and the effect that the current tax law is having on the availability of suitable sites.

The key arguments which we would put forward in this submission are as follows:

### **(1) Current tax law is having a distortive impact on the availability of suitable sites for development.**

While Ireland does have significant untapped solar development potential, there are various limitations on the number of suitable sites, both from an economic and technical perspective. Firstly, from an economic perspective, the cost of establishing a solar farm is far less where it is close to an existing substation on the national grid. This is a key factor in the economic viability of the site given the significant costs associated with the connecting to the national grid. Secondly, electricity generated through Solar PV is dependent on the location, as the diagram in Appendix I demonstrates.

Our members tell us that negotiations with farmers on lease options over suitable sites quite frequently stall or break-down entirely after the farmer becomes aware of the impact which such letting arrangements would have on their CAT position.

The principal issue is the impact which the letting arrangements would have on the status of the land for "agricultural relief" when the farmer passes the farm to future generations. This creates a fundamental issue for the farmer who wishes to keep the farm in family hands without triggering a cash tax liability for their children and is acting as a major stumbling block to developers who wish to secure lease options over suitable sites.

In recent Dáil debates Minister Noonan spoke about this becoming a bigger issue in the next few years. However, the typical development lifecycle for the establishment of a solar farm means that this issue needs to be addressed sooner rather than later.

Typically in the solar industry, the initial stage of development includes obtaining an option for a lease of land. The actual lease of land may not take place for some time after the option is granted and the project becomes viable. In our experience, the CAT implications of such leases are resulting in farmers not participating in these early stage negotiations for land lease options. This is delaying solar development in Ireland even further.

Even where such lease options are currently in place, there is a significant risk that it will not be possible to construct many of the solar farms which have already submitted a grid application if the construction of the solar farm results in a significant CAT cost for the landowner

### **(2) As a result of its current tax rules Ireland will suffer financial and economic losses due to the opportunity cost of failing to maximize solar development opportunities and by failing to meet its 2020 renewable energy targets.**

As an EU member state, Ireland is bound by the 2009 Renewable Energy Directive, under which it is committed to produce, from renewable sources, at least 16% of its energy by 2020. This will require 40% of electricity generation to be from renewable sources by 2020. This cannot be achieved by using just wind technology. In addition, further renewable capacity will be required by 2030 as the EU target for energy sourced from renewables rises to 27% across all member states.

Although the cost of not meeting these targets is not known with certainty, estimates are that it could be up to €600m per annum (see Section 5 for further detail).

In addition to helping Ireland fulfil its renewable energy ambitions, including those relating to CO<sup>2</sup> emissions, the solar industry has the potential to make an important contribution to Ireland's growth agenda and the diversification of industry in rural Ireland. The accelerated deployment of solar PV will generate jobs, particularly in the construction and installation sectors. A larger domestic market will enhance Ireland's offering as a location for firms in the solar PV supply chain, which could bring further jobs and investment in high-tech, exporting industries.

In a study recently commissioned by ISEA, it was estimated that the deployment of solar PV would create €2 billion in gross value added to the economy and sustain 7,300 jobs annually.

### **(3) A change in current tax law is likely have a net positive effect on tax revenues.**

Furthermore, we have outlined in Section 4 how the introduction of changes to the current CAT law should have a net positive result from the perspective of direct tax revenues. In the absence of any change to the current tax law, we have a significant concern that farmers will simply decide against leasing suitable sites for solar development and the amount of installed solar capacity will be reduced. As a result, tax revenues from the letting activity will reduce and the overall tax take to the Exchequer will fall.

We have used figures based on targeted installed capacity and average rents payable to estimate that the loss to the Exchequer could be in the region of **€138m** (excluding the cost of any EU fines for not reaching our 2020 targets).



## Section 2 – Current Legislation

### Overview

Under Section 89 of the Capital Acquisitions Tax Consolidation Act 2003 (“CATCA”), where a gift of agricultural property is made (or taken as an inheritance), the beneficiary can avail of agricultural relief which provides for a 90% reduction in the taxable value of the agricultural property which is the subject of the gift/inheritance where the following conditions are met:

- The property comprising of the gift must be agricultural property at the date of the gift; and,
- The beneficiary must be a ‘farmer’ at the valuation date.

Based on a standard 33% CAT rate, the availability of agricultural relief on land which is passed by gift or inheritance could have the effect of reducing the effective tax rate to 3.3%. This can be vitally important in circumstances where the recipient of the gift or inheritance receives valuable assets but does not have the available funds to discharge a material tax liability. Our understanding is that it is government policy to retain this relief.

### Agricultural Property & Farmer

“Agricultural property” is defined in Section 89(1) CATCA as;

- Agricultural land, pasture and woodland situated in a Member State of the European Union;
- Crops, trees and underwood growing on such land;
- Farm buildings, farm houses and mansion houses (together with the lands occupied with such farm buildings, farm houses and mansion houses) as are of a character appropriate to the property;
- Livestock, bloodstock and farm machinery on such property; and,
- A payment entitlement (within the meaning of Council Regulation (EU) No. 1782/2003 of 29 September 2003).

The definition of farmer also includes a requirement that the person who takes the gift or inheritance continues to farm the land for a period of 6 years thereafter or leases it to a farmer for the same period.

### Dual purpose use

We note that there have been discussions in Dáil debates regarding whether land upon which solar panels are erected can continue to be used for another purpose. In our experience, it would be common for land which hosts a solar farm to continue to be used by the landlord for the grazing of sheep or poultry.

Solar farms are unique in their design as they are installations which are ground mounted (i.e. elevated above ground level) and, unlike wind farms, do not take up a large percentage of the grassland area. Typically the stands for the PV panels take 1-2% of the ground area. This opens up the possibility of “dual use” of a piece of farmland where the farmer retains grazing rights over fields which have solar farms installed.

In this regard, sheep and free-range poultry have been successfully employed in other European countries to graze on the grass land around solar farms. This demonstrates that such farmland can have a dual-purpose use.



However, based on discussions with the Revenue Commissioners, we understand that they have formed the view that land which is let for the purpose of using as a solar farm loses its agricultural land status, in spite of the fact that the farmer often retains grazing rights over the land in question. They have also questioned the ability of the person in receipt of the gift or inheritance to be a “farmer” within the meaning of Section 89 CATCA, in circumstances where the primary income from the land arises under the lease.

We understand that Revenue have been asked whether they would consider case-by-case submissions on the topic and they have indicated that this is now a matter for the Department of Finance to consult on and determine from a public policy perspective. In short, Revenue believe that this is a matter which would require legislative change.

## Section 2 - Current Legislation

### Why is Agricultural Relief important?

For historical and cultural reasons, the ability to pass farmland to the next generation without triggering a material tax liability (which would in turn require that part of the farm is sold to third party) is a fundamental issue. As a result, Agricultural relief is a vitally important tax relief for farming families and one which is heavily availed of given the frequency with which farms are passed from generation to generation (as opposed to being sold on the open market to third parties).

Agricultural relief is quite popular, with the numbers of claims per annum typically in the range of 1,500 – 2,000. In addition, the Revenue have published details on the current age profiles of Irish farmers. Out of the 100,618 farmers known to Revenue, 58% were between the ages of 51 and 91, 28.5% between 31 and 50 and 13.5% between 16 and 30. This is supported by figures released by the Department of Agriculture which show the percentage of family farm holdings own by persons aged 55 or greater increasing year on year for the past 10 years. Many of these older farmers will look to diversify their business as they grow older. Solar offers this opportunity while continuing to allow the land to be used for farming purposes. If these farms do not diversify, they will cases to be economically viable.

The above age statistics would suggest that agricultural relief will likely increase in its usage due to the ageing farming population. Most farmers will want their farm and related assets to stay within the family yet will not want the transfer of these “illiquid assets” to create a tax cost for the recipient. A son or daughter receiving an inheritance of a farm with a large CAT liability attached may be faced with a scenario where they are required to sell off some of the land or other farming assets to fund this tax cost. Faced with this uncertainty, most farmers will seek to rely on agricultural relief to minimise the inheritance tax issues. They will not want to enter into a transaction which could endanger the availability of agricultural relief.

This above is not conjecture, but is, in fact, the message which has been received time and time again by ISEA members who have approached farmers with a view to leasing their land. There is a real sense amongst ISEA members that the inheritance tax issue is a material barrier to the successful deployment of solar technology in Ireland.

In short, farmers will not enter a solar contract which could result in 1/3 of the farm needing to be sold to pay a CAT liability in the future.



## Section 3 - Proposed Amendments

### Proposed Legislative Change

In order to achieve the objective of freeing up suitable sites for solar development while also not adversely impacting on the tax treatment of farmers who lease such sites, we would recommend that the Department of Finance should propose a change to the existing CAT law.

This change should be accompanied by guidance notes which elaborate on certain key aspects of the amended wording as it is unlikely to be possible to address every concern through wording changes to the current definition of “agricultural property”.

In particular, we would propose that the definition of agricultural property in Section 89(1) CATCA 2003 be extended to include the following:

“Agricultural property means

- (a) agricultural land, pasture and woodland situated in a Member State and crops, trees and underwood growing on such land and also includes such farm buildings, farm houses and mansion houses (together with the lands occupied with such farm buildings, farm houses and mansion houses) as are of a character appropriate to the property and farm machinery, livestock and bloodstock on such property; **and,**
- (b) a payment entitlement (within the meaning of Council Regulation (EU) No. 1782/2003 of 29 September 2003), **and**
- (c) any land included within (a) which is farmed and which is also used for the purpose of activities undertaken with a view to producing energy from renewable sources either by the farmer or by a person to whom the farmer has granted an interest in the land”**

This change to the definition of agricultural property should facilitate claims for agricultural relief on farmland that is used not only for farming, but also for renewable energy generation. It is important that the change proposed reflects the fact that the land must still be farmed in order to maintain its agricultural nature. There are several possibilities in this regard. For example, land which is leased for the purpose of developing a solar farm could be let on such terms that the farmer retains the grazing rights over the lands. While larger farm animals such as cattle and horses are not suitable as they have the potential to dislodge standard mounting systems and pigs and goats could potentially damage the wiring and cabling of the solar PV systems, sheep and free-range poultry have been successfully employed in other European countries (such as the UK) to graze on the grass land around solar farms. It is also possible to retain an interest in the land for activities such as beekeeping. Indeed where lands have been actively farmed as croplands, finding an alternative use to allow lands to rejuvenate is an important consideration.

We believe that the implementation of such changes will result in the increased supply of farmland to the solar industry while not detracting from the spirit of agricultural relief in that it should only be available for transfers of actively farmed land.

The proposed change should also help ensure that there is a continuing link between the solar farm and the rural community in which it operates. By retaining the farmer as “landlord” and co-occupier of the lands, the solar farm is better integrated into the existing rural community. This is aligned with one of the key objectives of the Government White Paper on Energy which focused on the need to explore community ownership of renewable energy projects



## Section 4 - Net effect on Exchequer Returns

### Overview

In terms of the cost of our proposed legislative amendments, we believe that making these changes could result in a positive impact for the Exchequer given that the lease rental receipts will be taxable in the hands of the farmers and the additional capacity installed will generate additional corporate tax revenues.

To demonstrate this, we have estimated the tax impact of the installation of an additional 1,000MW of solar capacity in Ireland over a 30 year period (which is the typical lifecycle of a solar farm) due to the availability of suitable sites. The assumptions upon which we have based our calculation are as follows:

- We have assumed that, where the desired legislative change is made, it will free up sites for installation of an additional 1,000 MW of solar capacity in Ireland.
- By contrast, we have assumed that if no legislative change is made, farmers will refuse to lease their sites to avoid endangering their agricultural relief claim and therefore this additional capacity is not installed.
- As a result, there should be no additional cost to the Exchequer of expanding the definition of “agricultural land” as, in both scenarios, CAT relief is claimed on the passing of the farms to the next generation.
- However, there are additional tax revenues which would be foregone if the desired changes are not made, principally due to the lost income tax on lease rentals and lost corporate tax on profits.
- We have set out below (and in the attached calculations) what the expected net tax implications of the lease arrangements would be. On this basis, if there is no additional cost between the two scenarios, then we must consider the potential net tax benefits for the Exchequer of farmers leasing their land to of the purpose of further solar development in Ireland.
- Firstly, the farmers will be subject to income tax at their marginal rate on the rental income received as such income is not relieved from income tax under current law. For the purpose of our calculation, we have assumed that only 80% of this income will be taxable to take account of situations where farmers would have financing costs to reduce the taxable income or where the farmers would be taxable at the standard rate of tax.

- The solar farm company will be entitled to claim a tax deduction for such rental costs in calculating its corporation tax liability assuming that there is no premium element. However, typically the value of such tax deductions is eroded by the fact that solar farm companies claim material capital allowances on the PV panels for tax purposes in their initial years of operation and any tax deduction due to ongoing operating costs does not impact on the net taxable profits until 8-10 years after operations have commenced.
- Furthermore, any such tax deduction is available at the standard rate of 12.5% whereas the majority of the income which is taxable in the farmer’s hands is typically taxable at the marginal rate.
- The differential in marginal income tax rate at which the rent is subject to tax versus the corporation tax rate of 12.5% for which a deduction is available gives rise to a positive tax take for the exchequer.
- Furthermore, the additional capacity installed generates further taxable profits, assumed to be taxed at a rate of 12.5%.

**The calculation which we have prepared takes all of the above into account and concludes that the additional tax revenues provided to the Exchequer would be in the region of €138m over this period.**





# Section 4 - Supporting Calculations

**Figure 1:** The first calculation below estimates the total additional tax receivable by the exchequer over a 30 year period based on reasonable estimates for a 5MW solar farm.

Tax implications of rental income and company profits in the development and operation of a solar farm											
<b>Cost of building a 5MW Solar Farm in Kildare</b>											
	€										
EPC Costs	5,500,000										
Other costs not qualifying for capital allowances	1,000,000										
<b>Total Project Costs</b>	<b>6,500,000</b>										
<b>Taxable profits of solar farm</b>											
		1	2	3	4	5	6	7	8	9	10-30
Net profit before rental deduction <sup>1</sup>	537,398	543,090	548,840	554,651	560,519	560,519	560,519	560,519	560,519	560,519	11,770,899
Capital Allowances <sup>2</sup>	(687,500)	(687,500)	(687,500)	(687,500)	(687,500)	(687,500)	(687,500)	(687,500)	(687,500)	0	0
Rental deduction	(33,335)	(33,717)	(34,102)	(34,493)	(34,888)	(34,888)	(34,888)	(34,888)	(34,888)	(34,888)	(732,642)
<b>Taxable Profit/(Loss) <sup>3</sup></b>	<b>(183,437)</b>	<b>(178,127)</b>	<b>(172,762)</b>	<b>(167,342)</b>	<b>(161,869)</b>	<b>(161,869)</b>	<b>(161,869)</b>	<b>(161,869)</b>	<b>(161,869)</b>	<b>525,631</b>	<b>11,038,257</b>
Tax losses forward	(183,437)	(361,563)	(534,326)	(701,668)	(863,536)	(1,025,405)	(1,187,274)	(1,349,143)	(823,511)	(297,880)	
<b>Net Taxable Profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,740,377</b>
Corporation tax liability	0	0	0	0	0	0	0	0	0	0	1,342,547
<b>NPV of cash tax value of corporation tax <sup>4</sup></b>	<b>€520,159<sup>5</sup></b>										
<b>Net profit before rental deduction <sup>1</sup></b>											
	537,398	543,090	548,840	554,651	560,519	560,519	560,519	560,519	560,519	560,519	11,770,899
Capital Allowances <sup>2</sup>	(687,500)	(687,500)	(687,500)	(687,500)	(687,500)	(687,500)	(687,500)	(687,500)	(687,500)	0	0
Rental deduction	0	0	0	0	0	0	0	0	0	0	0
<b>Taxable Profit/(Loss)</b>	<b>(150,102)</b>	<b>(144,410)</b>	<b>(138,660)</b>	<b>(132,849)</b>	<b>(126,981)</b>	<b>(126,981)</b>	<b>(126,981)</b>	<b>(126,981)</b>	<b>(126,981)</b>	<b>560,519</b>	<b>11,770,899</b>
Tax losses forward	(150,102)	(294,512)	(433,172)	(566,021)	(693,002)	(819,983)	(946,964)	(1,073,945)	(513,426)	0	0
<b>Net Taxable Profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>47,093</b>	<b>11,770,899</b>
<b>Difference in taxable profits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>47,093</b>	<b>1,030,522</b>
Cash Value of difference in taxable profits	0	0	0	0	0	0	0	0	0	5,887	128,815
<b>NPV of cash tax value of deduction <sup>4</sup></b>	<b>€62,695</b>										
<b>Rent deduction (cumulative)</b>											
	(30,000)	(60,000)	(90,000)	(120,000)	(150,000)	(180,000)	(210,000)	(240,000)	(270,000)		
<b>Tax payable on lease rental income</b>											
Rent <sup>6</sup>	33,335	33,717	34,102	34,493	34,888	34,888	34,888	34,888	34,888	34,888	732,642
Tax <sup>7</sup>	14,667	14,835	15,005	15,177	15,351	15,351	15,351	15,351	15,351	15,351	322,362
<b>NPV of cash tax receipts <sup>4</sup></b>	<b>€234,417</b>										
<b>Notes</b>											
1	For prudence, we have not assumed any increased profits arising from year 5 onwards.										
2	Capital allowances would not be available on total project costs so have used the EPC costs as the allowable costs for CA purposes.										
3	The project becomes tax paying in year 10 due to the extinguishment of capital allowances and losses forward. By year 10 cumulative taxable losses are used. As such, the cash benefit of the rent deduction is obtained by the project in year 10/11.										
4	NPV calculations are carried out using a 5% discount rate.										
5	We have assumed the project is held in a standalone limited company with no external debt nor intercompany loans. Alternative structures have not been considered.										
6	Rent increases by 1.5% per annum										
7	We have assumed that 80% of the rental income will be taxable at the marginal rate of 55% and the balance will not be taxed.										

## Section 4 - Supporting Calculations

**Figure 2:** The second calculation takes the results of the first calculation above and estimates the overall net tax benefit assuming an increased installed capacity of 1,000 MW.

Value to the Exchequer of 1,000MW of Solar Development (all amounts in € unless otherwise stated)												
										5 MW	1,000 MW	
NPV of additional tax on rental income										234,417	46,883,400	
NPV of benefit of corporation tax deduction for developer										(62,695)	(12,539,000)	
NPV of additional corporation tax generated										520,159	104,031,800	
<b>Additional Direct Tax Revenues</b>										<b>691,881</b>	<b>138,376,200</b>	

# Section 5 - Macro-Economic Benefits

## Overview

As an EU member state, Ireland is bound by the 2009 Renewable Energy Directive, under which it is committed to produce, from renewable sources, at least 16% of its energy by 2020. This will require 40% of electricity generation to be from renewable sources by 2020. In addition, further renewable capacity will be required by 2030 as the EU target for energy sourced from renewables rises to 27% across all member states.

## Progress to date

Ireland's progress to date towards meeting its targets has principally been through the deployment of onshore wind energy. Onshore wind will continue to be the principal means of meeting Ireland's 2020 targets, with a total of 3.2-3.7GW projected to be commissioned by 2020. However, in 2015, only 25.3% of Ireland's electricity demand was met from renewable sources. Failure to meet EU targets could lead to potentially significant fines for Ireland from 2020 onwards. Although the exact cost of not meeting the 2020 renewables target is not known at this point, in a paper on expenditure risks by the Department of Public Expenditure and Reform, it is noted that an initial analysis by the Department of Communications, Climate Action & Environment estimates that failing to meet the overall 16% target by 1-4% could lead to infraction costs of between €140-600 million per year. At present, there is no suggestion that there would be any transitional measures to alleviate or reduce the fines from 2020 onwards.

While wind energy will continue to make an important contribution to the achievement of the 2020 targets, other technologies are also required in order to ensure that the Government's renewable targets are met and fines are avoided. Solar PV has been identified as a technology which "may play a critical role in diversifying the renewable generation portfolio consistent with a technically feasible, cost effective and fair contribution to overall EU ambitions".

To date, Solar PV deployment in Ireland has been low compared to other European markets such as Germany and the UK. In 2015, Solar PV comprised just 0.01% of Ireland's gross electricity consumption. Ireland nevertheless has significant unexploited solar resources, especially in the south.

## Macro-economic factors

We have outlined below some of the other macro-economic factors which support the view that increased solar energy production would benefit the Irish economy generally;

- After onshore wind, solar represents the cheapest source of renewable energy for Ireland (and there are likely to be limits on the available wind resource due to grid issues and community concerns).
- In addition, solar farms can deploy rapidly with very large ground mounted projects in other countries being installed in a matter of months. If it became apparent that other technologies were deploying slower than expected, Solar PV could be deployed very quickly to prevent any shortfall against Ireland's 2020 targets.
- Solar PV has been the dominant global renewable generation technology with global investment in solar in 2015 reaching \$161 billion. At present, Ireland, somewhat uniquely, plays no part in this market.
- Solar PV provides an indigenous source of electricity production which, were it to replace any of Ireland's existing fossil fuel generating capacity, would reduce Ireland's dependence on fuel imports.
- Solar PV would diversify Ireland's renewable energy generation portfolio. This could provide system benefits by reducing wind curtailment, since its output is unlikely to be correlated with that of wind.
- Ireland's Solar PV resource is located along its southern and eastern coasts, close to its centres of population. It therefore avoids the need for expensive reinforcement of the Irish grid to enable the transportation of electricity over long distances, and allows for more efficient use of the existing infrastructure.
- In a recent report commissioned by ISEA, it was estimated that the deployment of Solar PV will create €2 billion in gross value added to the economy and sustain 7,300 jobs annually.
- Additional solar capacity installed would increase the rates contribution to local authorities.
- While our financial analysis in this submission has outlined the increased corporation tax revenues that would be generated by increased installed capacity, there also would be additional tax revenues generated from payroll tax, customs etc.
- Diversifying the use of farmlands is in keeping with the Government's rural strategy and will help support rural economies.
- Additional Solar PV should assist in offsetting CO<sub>2</sub> emissions from the agri-foods sector.



# Conclusion

The change which we have proposed to the existing CAT rules will have the following benefits:

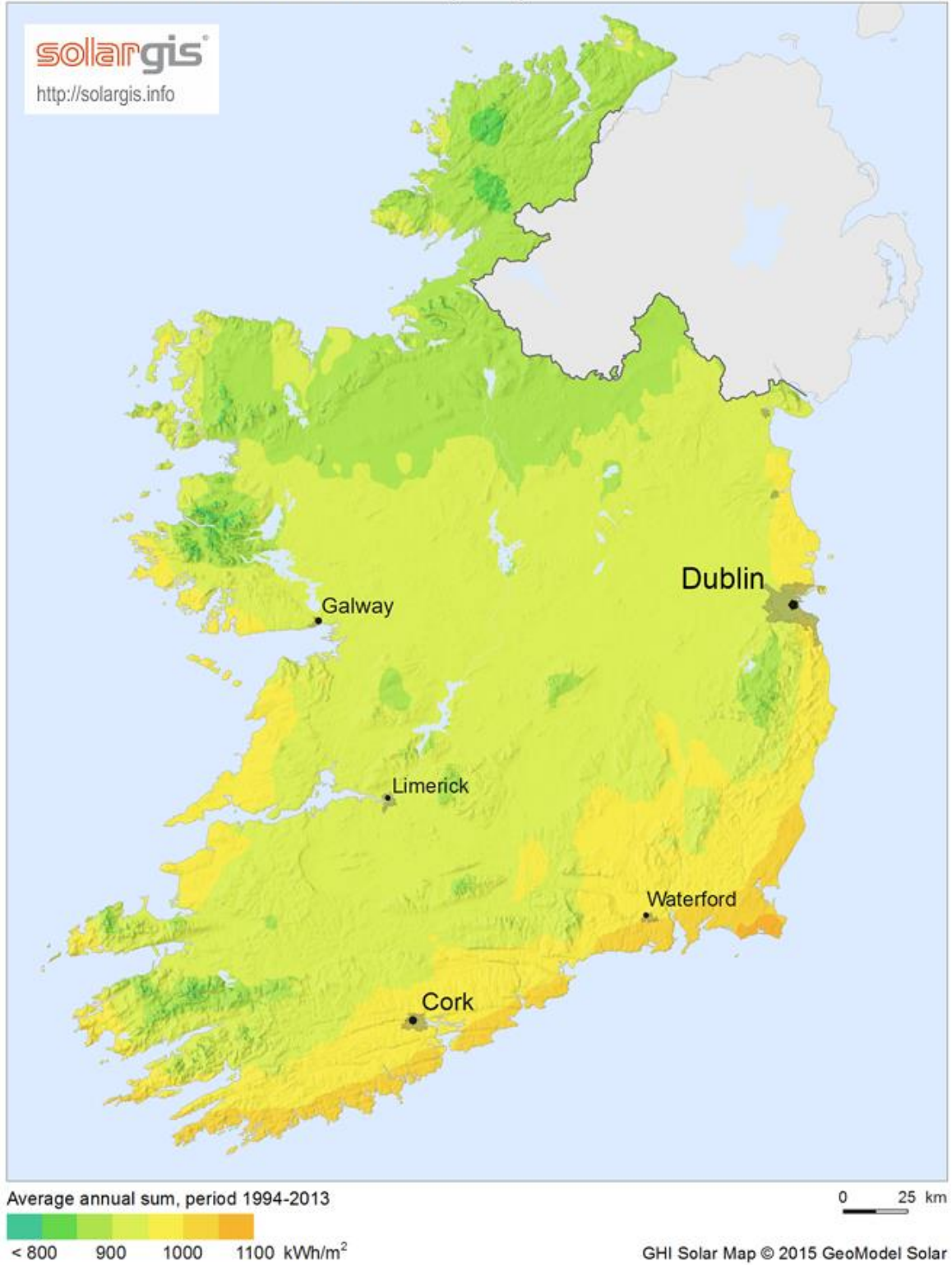
- Freeing up available sites for solar development in the most suitable locations in Ireland
- Facilitating the transfer of farming assets to the next generation of farmers in a manner which is not penal from a tax perspective
- Potentially revenue positive from an Exchequer perspective
- Additional deployment of solar technology will bring macro-economic benefits for Ireland including reducing the possibility of EU fines and generating positive growth for the economy.
- We need to promote the development of solar technology in the energy mix to address issues such as security of supply and curtailment,

If solar technology is to be feasible in Ireland in the medium term, the CAT treatment of solar farmers needs to be urgently addressed given the development lifecycle of solar farms.

ISEA would welcome the opportunity to discuss the contents of this submission with the Department of Finance at your earliest available opportunity.

# Global Horizontal Irradiation (GHI)

Ireland



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