Submission to the Review of the Application of Stamp Duty to Stocks and Marketable Securities of Irish Incorporated Companies

iapf

representing pension savers

The IAPF is the representative body for pension savers in Ireland and our aim is to ensure people in Ireland can have pensions that are secure, fair and simple. Our members are pension funds that provide retirement security to over 260,000 employees, pay pensions to nearly 90,000 people, and are responsible for the investment of €125.5 billion in retirement savings.

We welcome the publication of the consultation document and are happy to contribute to the process. We will limit our response to the specific question on pensions as that is most relevant to us.

Will a reduction or elimination of stamp duty on shares have any impact for pension funds or wealth management activity?

Stamp duty is a transaction cost on pension investors and is a reduction in the return on the investment. With increasing focus on the costs and charges of investments this is a significant reduction in the initial investment. Pension funds are also very focused on the need to achieve returns, in a difficult low-interest rate environment, in order to meet their liabilities. Any factors that reduce the return available will be considered in the context of where to invest.

While there are many factors that will be considered in deciding how and where to invest, lower costs of investing are clearly likely to lead to a greater possibility of investing. Therefore a reduction or elimination of stamp duty on Irish shares will increase the potential investment in those shares by Irish pension funds that, at the end of 2016, had total investments in shares of €57.3bn.