



**Retailers call for a VAT reduction in Budget 2018 to combat challenges
€14million in online spend is being fulfilled by businesses operating outside Ireland
every day**

Retail Excellence, Ireland's largest retail representative organisation, today said that there is an urgent need to reduce the 23% VAT rate in the face of a number of challenges to include Brexit, sterling devaluation, the 3% VAT differential between Ireland and the UK, retail volatility and a dip in consumer sentiment.

Retail Excellence's Budget 2018 submission "Retail: Sustaining and Growing an Economy" calls for an overall reduction in the rate of consumption taxes to ensure Irish retailers maintain a competitive edge against the backdrop of Brexit uncertainty.

Deputy CEO of Retail Excellence Lorraine Higgins today said "Budget negotiations have been ongoing for some time now however, Government needs to be receptive to retail's challenges to include the ramifications of Brexit, most notably sterling devaluation, increased online spend being fulfilled by businesses operating outside Ireland and the volatility of retail trends which combined are making it increasingly difficult to forward plan".

"Our priority is a reduction in the 23% VAT rate which was introduced as a financial emergency measure some time ago. Such moves are critical for the wellbeing of Irish retail and the Exchequer. We are witnessing an increase in consumers travelling north of the border to shop with others buying over €14million online from businesses operating outside of Ireland every single day. In relation to online spend this amounts to a loss of €1.2 billion in VAT receipts per annum for the Exchequer and this is only set to rise if corrective action is not taken".

"Consequently, we believe not only is a funding scheme or a Government provided loan scheme urgently required to make retailers online enabled but State agencies must also assist retailers' journeys. The provision of supports which have been traditionally made available to manufacturing and processing companies like market, linguistics, logistics and network supports in other EU countries would help retailers develop new markets and drive sales while ultimately, leading to further employment within the digital realm".

"Retail is often overlooked in favour of the other pillars linked to the economy; FDI and export-focused businesses. We have brilliant retail entrepreneurs in this country who are resilient to the core and deserve to be supported and assisted to become bigger and better at all that they do but they need support and Budget 2018 provides an opportunity to help them on their way" Lorraine Higgins concluded.

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About Retail Excellence

Established in 1995, Retail Excellence is owned by the members, for the members. We are an organisation which invests in innovative and exciting learning, market intelligence, human resources services, Government representation and member networking initiatives. Retail Excellence has over 1,750 leading retail companies in Ireland. Our members are the most progressive and innovative retailers. Retail Excellence is by far the largest retail industry body in Ireland.

Editors Notes

- To exacerbate the situation further some consumer goods in the UK attract 0% VAT whilst the same product might attract 23% here putting the UK at a distinct competitive advantage.
- Department of Communications figures provide that €850,000 is spent online every hour by Irish consumers. Of this 70% (€595,000) is fulfilled by businesses operating outside Ireland: Over e14million a day.
- Currently 22% of Irish SMEs have no presence online (IEDR figures)
- Of the 78% who are online, ¾ of those cannot process payments on their websites.

Photo Caption

CEO of Retail Excellence David Fitzsimons photographed with Chairperson of Retail Excellence, Colm Carroll of Carroll's Irish Gifts and Deputy CEO Lorraine Higgins at the launch of their Reduce VAT campaign.