



**Retailers call for a 3% reduction in VAT to offset worst excesses of Brexit
Decisive action must be taken or else retail failure will become a reality**

Retail Excellence the largest retail representative body in Ireland is calling on Government to reduce VAT by 3% in Budget 2018 to protect retailers from the worst excesses of Brexit.

In their Budget 2018 submission titled “Retail: Sustaining and Growing an Economy”, Retail Excellence are calling for a general cut in consumption taxes, the cost of doing business, increased funding to get retailers online, increased infrastructural investment, Garda resources, town renewal funding, investment in the Home Renewal Scheme, introduction of measures to increase our competitiveness, and improved access to finance in the upcoming Budget.

Spokesperson for the organisation Lorraine Higgins said: “With external headwinds like Brexit and the limping on of negotiations between the UK and the EU, Ireland is already left exposed and this will impact on the sustainability of economic growth trends. While many industries talk about the potential impact of Brexit, it is clear retail is already being affected. Our quarterly Trading Reports compiled in conjunction with our partner member, Grant Thornton, have recorded three successive quarters of decline primarily as a consequence of sterling devaluation and a migration to online shopping. Therefore, it is critical measures are implemented to counteract the foregoing and Retail Excellence’s Budget 2018 proposals are formulated to deal with these challenges”.

“Our priority issue is a reduction in the 23% rate of VAT which was introduced as a financial emergency measure. It needs to be cut by 3% in one fell swoop as we believe incremental reductions would be a piecemeal response given previous experience has shown small reductions do not tend to have a positive impact on consumer spend. High VAT rates impact on consumer confidence and sentiment which is exacerbated further by the negative VAT differential between us and the UK. This has contributed to the further development of online shopping trends which has led to e600,000 of spend every hour being fulfilled by businesses operating outside the country. It goes without saying, our unique geography exacerbates this situation further. This leak of spend to the UK predominately is hurting Ireland, is unsustainable and will cause retail failure if adequate Brexit-proofed measures are not implemented in Budget 2018”.

“On the other-hand, we can also benefit from the huge online spend by European consumers in 2017 of €598billion. Consequentially, it is essential a Strategic Retail Support Unit is established and funded which should be a collaboration between various Departments to include Jobs, Communications, Education and State Agencies which would support and assist retailers from a network, logistics, linguistics and education perspective when they seek to diversify into other European Asian and American markets”.

“While the resilience and sustainability of Irish retail attracts less fanfare than the other two pillars of our economy (FDI and export focused businesses) it would be remiss to ignore the far-reaching tentacles of the industry and its sectors which contributes to micro-economies in every village, town and city in this country. To quantify, Irish retailers operate 45,000 businesses with 282,000 employees directly employed in the industry (the largest private industry employer in Ireland) and an associated employment multiplier effect which increases that figure exponentially. As a direct consequence of retail activity, €5.7 billion is contributed to the Exchequer (made up of €4 billion in VAT and €1.7 billion in PAYE) on an annual basis. Therefore, the significance of retail must not be underestimated”.

“We at Retail Excellence are focused on assisting retailers grow, thereby increasing sales, employment opportunities and ultimately return to the Exchequer. Our Budget 2018 submission seeks to provide a clear set of proposals which we strongly feel are critical to ensure further economic and employment trajectory for the betterment of all of Ireland, both urban and rural”.

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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.