

National Income, wealth and taxes

The UK's national income per head is higher than France, Italy and Spain, but a bit lower than Germany. All are massively lower than Ireland's. The Republic of Ireland has a per capita income more than twice the UK's and three times Spain's. The main reason is Ireland has held its company tax rates down to 12.5%, far lower than the other larger European countries. As a result large US and other overseas companies have wanted to set up in Ireland and book more of their activities through Ireland to take advantage of the lower tax rate. Far from collecting less company tax through lower rates, Ireland collects far more company tax as a percentage of the economy than the countries setting higher rates.

President Biden's success in getting leading countries to approve his idea of a minimum level of corporation tax worldwide will mean Ireland will lose a little of its advantage, being persuaded to put its rate up to 15%. This will still leave it below most of the other larger European countries.

The UK should use this opportunity to increase its company tax receipts by lowering the rates. The UK could now match Ireland with a 15% rate. This would doubtless be a good draw for large companies to locate more to the UK, and would remove the big competitive advantage Ireland gives herself by her current very low rate. Why don't the Treasury want to increase the tax take from companies and boost National Income? How much more evidence do they want that lower rates are successful?

Figures in US \$ from World Bank Per capita GDP

France 39,030

Germany 46,208

Ireland 85,267

Italy 31,676

Japan 39,538

Spain 27,063

UK 40,284

USA 63,543