

Ireland raises VAT to cover a 'severe fiscal shortfall'

A 0.5% increase in the standard rate of VAT has been confirmed by the Irish government

Judith Tydd, [Accountancy Age](#) 17 Oct 2008

The Irish government has confirmed it is to increase the standard rate of VAT from 21% to 21.5% as of 1 December this year.

The increase formed part of the annual budget release on Wednesday.

Kieran Desmond, MD of TMF Ireland accounting services, said the increase has been driven by a 'severe fiscal shortfall'.

'The government is blaming the recession. The VAT increase is to be accompanied by other direct tax increases,' he said.

In addition, Richard Asquith, head of TMF VAT global compliance service, said he expects other countries to follow suit as the international trend sees a shift from business taxes onto indirect taxes.

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