THE FAIR TAX

supported by history
agreed by economists
feared by the 1%

Emer Ó Siochrú ed.

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Preface

COLM McCARTHY

ONE ELEMENT in Ireland's property bubble was the excessive subsidisation of home ownership built into the taxation system. Imputed income from housing assets is not taxed, mortgage interest is tax deductible and capital gains on the principal residence are exempt from the tax applying to realised gains on most other assets. There was also no tax or charge collected on residential property. Many countries pursue some of these policies but Ireland appears to have been the only one to pursue all four simultaneously.

The main revenue stream from the property sector came in the form of stamp duties, a tax on transactions rather than on ownership or gross wealth. This policy regime is beginning to change. Mortgage interest is due to be phased out by 2017, stamp duties have been cut sharply and a residential property charge is on the way.

Residential property tax can be levied on a variety of possible bases. The principal alternatives are the full improved value of the property, the most common internationally, or the site value, popular with economists because of its superior efficiency as a taxation instrument. The Irish government has already introduced a flat-rate residential charge as a trailer for the main event, a full residential property tax, likely to be based on capital values but yet to be worked out in detail. However, it is not too late to consider whether a site-value, rather than capital-value, base might not be more equitable and efficient. The intention is that this tax, whichever base is used, will raise at least €500 million per annum, perhaps considerably more. It is not too late to consider the design of this tax and a site-value, rather than full improved value, base is entirely feasible.

Such discussion as has occurred on the government's plans has consisted of outright opposition, coming mainly (and curiously) from the political left, and concerns about the impact of the proposed tax on income distribution, with demands that there should be exemptions for lower income groups or for socio-economic categories deemed to be particularly deserving. The government's decision to introduce the €100 household charge, like the €160 TV license fee a poll tax and entirely arbitrary, has fuelled public opposition to property taxes generally and has focussed attention in particular on the distributional issues and on ability to pay.

Most government tax revenue does not come from the income tax, the only major tax designed explicitly to spare the poor and hit the rich disproportionately through increasing marginal rates. No property tax can replicate this feature of the income tax. But neither can Value Added Tax, which does not offer lower rates to poorer people or exemption from tax on the first quantum of goods purchased. The same is true of excise duties on things like auto-fuel, alcohol and tobacco. These indirect taxes, which in aggregate raise more revenue than the income tax, are simply not capable of taking account of ability to pay. Indeed the tax on tobacco can be shown to be hugely regressive: millionaire smokers do not puff 1,000 cigarettes per day and indeed the Household Budget Surveys show that people on low incomes smoke more. The reason why this tax is not related to income is because it is a tax on tobacco, not a tax on income. Perhaps it is too high because of its regressivity but there is no way it could be re-designed so as to reflect ability to pay and there is rarely any public opposition to increases in tobacco taxes on distributional grounds. But for some reason proposals to tax property, particularly residential property, are criticised because they cannot replicate the progressive features of the income tax. The same attitude is observable in discussions of water charges. Criticising a property tax for failure to attain progressivity is akin to beating a horse for not being a goat. It is the task of income tax and the social expenditure system to deliver progressivity and the insistence that every element of public revenue should be held to the same standard is muddled populist rhetoric.

There is, however, a natural element of progressivity in taxes levied on residential property because they tend to exempt automatically the poorest groups in society, for the simple reason that they are rarely property owners, or owners of the least valuable property. It is feasible to include, in the design of a property tax, thresholds below which liability is not triggered, or deferrals through a lien on the asset for the low-income elderly, but these are side-issues. A Site Value Tax can raise substantial revenue in a manner which does minimum damage to the productive potential of the economy, since it is a tax on unproduced pure rent. A tax on improved property values is a tax on the produced improvement of the built capital stock, and accordingly has a distorting effect. This in essence is the case for excluding from liability the value of buildings and restricting the definition of the tax base to the value of sites.

Another objection to the Site Value Tax is that it would be expensive to operate and collect. The practicalities are addressed in this volume, showing that a Site Value Tax is feasible and could be implemented over a short time-frame. A second objection, that it is complex and incapable of being explained to the taxpaying public, is a counsel of despair. The test of comprehensibility to the general public is reasonable in a grown-up democracy, but very little of the prevailing tax code would survive its universal application. What a shame the public comprehension test was not applied to, for example, the bank guarantee of October 2008, which cost in one decision what the Site Value Tax would yield in a lifetime.

It has become fashionable to attribute Ireland's obsession with bricks and mortar to cultural and historical factors and there may be something in this explanation. But as economists we must draw attention to the more mundane role of the incentives created by a taxation system thoroughly skewed towards residential property ownership. There is nothing to celebrate in the disaster which has befallen the country as a result of the credit-fuelled property bubble, but the willingness to tear up the system of tax subsidies to the property sector is one small consolation. The restoration of any form of tax on residential property should be welcomed. Basing the tax on site-values, rather than on the capital values of the built capital stock, would be even better and this volume makes a persuasive case for a re-consideration of government intentions.

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FAQs about Site Value Tax

Q1: What kinds of property would the Site Value Tax be levied on?

A1: We propose that Site Value Tax would be payable on the land beneath all residential properties and on all zoned land including residential, commercial and industrial zoning. As soon as is practical, Site Value Tax should replace rates on commercial and industrial buildings so that all owners of developed land and land zoned for development would pay an annual tax based on its site value, computed and collected in a similar way.

Q2: How is the site value of residential dwellings worked out?

A2: The simple answer is that the site value comprises what remains of the freehold sale value when the cost of the improvements (as the buildings are called in the jargon) is deducted. But that is a bit too simplistic an answer as freehold sale values go through booms and busts that create great price volatility, giving occasional negative site values. This volatility makes using the freehold sale value an unsatisfactory basis from the taxpayers' point of view. (See Dave Wetzel's article in this book for more detail.) A better way to get a consistent site value is to base it on the capitalised rental value of the property. Despite the turmoil of the recent Irish property crisis, rent levels have moved much less than sale values. Although land is hardly ever rented on its own, it is constantly rented with a building on it, and an efficient market exists for the rental of all categories of land and buildings including residential. The question then is: how much of the rent is attributable to the building and how much is attributable to the land? That calculation can be done quite easily and, furthermore, there is a cohort of professional valuers who are trained in the technique. Here is a worked example:

> Take the case of a newly built three-bedroom house with a garden in a suburban Dublin location. Its sale value is €300,000. The house cost €150,000 to build including the builder's normal development profit. It follows that the balance of €150,000 – half of the total – must be attributable to the site. If the rent is €1,000 a month, i.e., €12,000 per annum, half this sum (€6,000) is for the land. We can capitalise the €6,000 rent of the site by multiplying it by 16.6 (or 6% yield; six times 16.6 is 100*) to give a rent-derived site capital value of €84,000. (*6% is the benchmark yield that NAMA took and it corresponds to the long-run average yield on property in Ireland over the last generation and serves as a reasonable benchmark for long-run costs of borrowing over the next generation).

Q3: How long would it take to assess the site value of all residential properties in Ireland?

A3: By the method described above, on a case-by-case basis, it would take years or certainly too long to bring in a Site Value Tax in 2013. Luckily, there are shortcuts to obtaining a pretty good interim map of site values using new computerised spatial information or GIS. Irish economist Ronan Lyons has already developed such a map of Irish site values from information collected on daft.ie, the on-line property site. The same system can use better Property Registration Authority (PRA) data to give an almost instant map of site values based on final sale figures, which would serve very well as an interim site value map.

Q4: How did Ronan Lyons work out the site values using GIS?

A4: The method Ronan used is called hedonic price regression. Effectively, each property is a collection of attributes such as its location, when it was built or sold, property type, number of bedrooms and number of bathrooms. The hedonic methodology uses large samples of properties to calculate the value associated with each attribute.

Each property's price can be thought of as being comprised of a location component, a size component, a type component and a residual (the gap between the actual price and the predicted price, which reflects unknown or unmeasured factors).

> For example, suppose the reference point is a three-bedroom one-bathroom semi-detached house in Lucan, whose capital value is €200,000. What is important for a Site Value Tax is the effect of moving one particular property around the country. If the three-bedroom home in Lucan were moved to Stillorgan in South County Dublin, its value would increase from €200,000 to €350,000, whereas if it were moved to Newtownforbes in County Longford, its value would be €100,000.

The difference in construction costs in Dublin and the rest of the country can also be factored in so that the variation in capital prices by area reveals variations in the value of the underlying site and thus of land. But given the importance of rental calculations for underlying property value, Ronan carried out a similar exercise on daft.ie's lettings database, giving an average rental for late 2011. Assuming a 6% yield for the rental properties, an alternate estimate of the average capital price per district was derived. The average of both these prices gives a price per district that reflects the distribution of prices within an area and across sales and lettings segments, as of late 2011. (See Ronan Lyons' article in this book.)

Q5: How would site values be estimated for the final system?

A5: A new regulation would require that when new property sales and new leases are registered with the Property Registration Authority (PRA), the site element of the property is estimated separately, using the methods described in Q2. This is not hard to do since it was required for Section 23 tax relief for rented dwellings and for the rural tax incentive schemes, where it caused no problems. Any good valuer can make the calculations, if necessary with the help of a professional course module provided by their institute. These exact site values would be inputted into an on-line GIS land-value map. Homeowners would check the map to see what the site value per-meter-squared rate is for their road or district and multiply that by the area of their site. The value of sites on a road or estate will generally be all the same if the sites are roughly the same size, so one way is just to consult with a savvy neighbour and copy their estimate. If they have trouble they can hire a valuer to do it for them with a tax credit allocated in year 1. These estimated values would be backed up by a simple appeals system to pick up anomalies in site values in a particular district that deviate from neighbouring sites.

Q6: What kind of factors would cause a deviation from the general site value in a particular district?

A6: If an old building with a large garden is listed for preservation and could not be altered in any major way, its value would be reduced and therefore its site value would be lower than for unprotected buildings on similar sites nearby. In other words, even though the market value of land in the area is the chief factor affecting site value, it is modified by planning constraints. So, for instance, land zoned for development is subject to the annual Site Value Tax, but designated open space, parks and biodiversity habitats is not. Another factor that affects values is proximity to those services that add value generally but can cause a nuisance if they are too close, such as recycling facilities, waste-water treatment systems or even busy shops. Over time, the online map will be fine-tuned to include all of the factors affecting site values from the information gathered by the appeals system so that it will more perfectly mirror reality. The tax credit in year 1 can be used by homeowners to have their site formally assessed with respect to local planning regulations (e.g. it may be a large site but if the local authority will only ever allow one property on it, this will be reflected in the site value). In this way, Site Value Tax will become the most transparent and most demonstratively fair of all Irish taxes.

Q7: How will the site value of apartments estimated?

Q7: All apartment complexes have a management company that can work out the site value of each apartment from the total site area attached to the building or building complex – minus the designated open space. The value of apartments varies according to area and floor location and is pretty accurately reflected in their purchase price. So the purchase price can be used to allocate the site value for each apartment using the method described in A2. The management company could use their collective tax credits of Year 1 to hire a valuer if needed. Each apartment owner would then pay their share directly to the collection agency.

Q8: Does the owner of the house or apartment pay or the tenant, similarly to commercial rates?

A8: Site value tax is emphatically not like rates: It is paid by the *owner*, not the *tenant*. It is not a substitute payment for local services such as water services, sewage treatment and waste collection, public transport etc. The tax is paid on the location benefit or the connectivity of the site enjoyed by the property owner which adds to its capital value. Users of these convenient services, whether owner-occupier or tenant, will pay directly for accessing the services in the normal way. This means that no local-authority tenant, social tenant or any tenant for that matter, will pay Site Value Tax.

Q9: Will local authorities, not-for-profit housing associations or charities that own residential buildings have to pay Site Value Tax?

Q9: The short answer is yes. It is very important that serviced land is well used and the annual Site Value Tax ensures that it is put to its most efficient use subject to planning constraints. Much local authority, semi-state and charitable land is poorly used and managed in Ireland. The long answer is that the Site Value Tax may not actually be paid but the amount due would be publicly recorded and the tax foregone would be justified. In any case, the Site Value Tax due for social housing sites should be lower than neighbouring non-social housing sites as its use would be planning constrained for a social purpose. (See Dave Wetzel's article in this book.) However, if the Site Value Tax was not paid or was reduced for social purposes, the benefitting organisation should not be permitted to pocket the whole sale price if the property is subsequently sold for private development.

Q10: How should NAMA property be treated under a Site Value Tax?

A10: NAMA should be charged the full Site Value Tax as assessed on its property portfolio loans but it should be given the option to retain the Site Value Tax portion that applied to undeveloped land and sites with incomplete developments. The retained Site Value Tax monies must, however, be ring-fenced to complete the infrastructure needed for the development of these sites. The money saved on an annual basis could be used by NAMA to raise long-term capital loans to provide the infrastructure. These capital loans, backed by the Site Value Tax, could be transferred to the relevant Local Authority when the developments are completed and sold. Local Authorities will also enjoy increased Site Value Tax receipts from neighbouring existing and new non-NAMA properties that will benefit from the infrastructure funded by NAMA and from the removal of the blighted half completed or empty sites.

In contrast, a conventional property tax (that does not replace Development Levies) would not raise annual revenue on NAMA-held undeveloped land and incomplete developments but NAMA would have to pay high once-off Development Levies to the local authorities on commencement of any building works on these sites. This is a Catch 22 situation; building works cannot begin confidently without the necessary infrastructure in place and the infrastructure cannot be built without Development Levies that are paid over only when building works commence.

Q11: How can the government stop the private landlord adding the cost of the Site Value Tax to the rent demand?

A 11: The government can't stop them but the market will to a certain extent. Tenants are already paying the full market rent and in general cannot pay more to cover the Site Value Tax. Landlords will only succeed in charging extra where the existing rent is under the market value for whatever reason. On the other hand, market rents are likely to fall because more rental property will come onto the market as a result of the Site Value Tax. This is because all property owners will have to pay the Site Value Tax whether the property is occupied or not so they will be very encouraged to make the effort to get some rental income to cover the tax. More properties competing for tenants will bring down rents for everyone.

Q12: Will the property owner pay Site Value Tax if it replaces current rates on commercial buildings?

A12: Good question, and the answer is, yes. The landlord pays Site Value Tax, not the tenant. This will give a very welcome short-term boost to retail and industrial tenants. Landlords will try to pass on the burden to the tenant at the next rent review but they will succeed only insofar as market conditions allow. In effect, replacing rates with Site Value Tax allows for a downward revision of rents to realistic levels of the current market. This is a very big reason for small business to put their full support behind the Site Value Tax.

Q13: Does replacing rates on commercial properties with the Site Value Tax mean the recent rate review was a waste of public money and time?

A13: No, the recent review of rates has provided most of the required data to establish site values in urban locations, especially in the cities Dublin and Cork where most property is not yet registered with the PRA.

Q14: Surely Site Value Tax would be an extra burden on homeowners and businesses in a time of recession?

A14: We recommend that Site Value Tax should replace other taxes and charges because we believe that overall taxes should be reduced to boost spending and investment in a recession. We doubt if we will succeed in persuading the government or the Troika of this at this particular time. But of all the kinds of taxes that could be levied, Site Value Tax is the least damaging to growth in the economy and to the welfare of the people of Ireland. It is far better than an increase in VAT or income taxes. This is because over time, Site Value Tax diverts money that would otherwise go to banks in the form of mortgage payments. Mortgage payments increase the wealth of the 1%: land-value taxes build the common wealth of the 99%. It does that by removing the incentive to invest in land and property for speculative reasons and by undermining property asset-backed lending by banks. This, in turn, frees up bank lending for investment in productive business start-ups and expansion that creates real, lasting jobs.

Q15: What are the main differences between Site Value Tax and a conventional property tax?

A15: Site Value Tax is levied on all residential property sites and all empty sites and zoned land, unlike a residential property tax, which is simply a tax on homes. There are a number of good reasons why this difference should matter to Irish people. First, the speculators, developers and banks that own these sites should pay because the location value of their sites was created by public investment and not any action on their part (see Dave Wetzel's article in this book). The Site Value Tax will ensure that they can never again inflate a development land bubble, which was the root cause of current economic distress in Ireland. Second, Site Value Tax on homeowners will be considerably lower than a conventional property tax for a given revenue (up to 30% lower) because the revenue burden will be shared with the development landowners. Third, Site Value Tax on zoned land will reduce corruption in local planning by removing the incentives for excessive and premature zoning; this is better for local democracy (See Judy Osborne's article in this book). Fourth, Site Value Tax on zoned land can substitute for development levies, on which many local authorities dangerously relied during the boom; this is better for sustainable planning and resource management. Fifth, Site Value Tax does not tax 'improvements,' unlike a property tax, which will go up the more you improve your home – not good for a struggling construction industry. Six, Site Value Tax is the same for an empty or derelict site as for an adjacent well-maintained property, which will encourage irresponsible property owners to sell or improve and let their properties; this is good for responsible property owners, unlike a property tax. (See Dr

Constantin Gurdgiev's article in this book.) Seven, Site Value Tax will be lower on apartments than for a property tax as the site is split over many properties; this is not only fairer but encourages appropriate densities in urban locations with good transport links. Eight, Site Value Tax is easier to assess objectively than a tax that includes buildings with huge variations in size, age, quality and energy efficiency, and will be less open to fiddling and evasion.

Q16: How can a Site Value Tax be fair if it has no regard for ability to pay?

A16: This is a question that is best answered in three parts: the general case, the case for the short term and the case for the long term. Poorer people either rent or own property of lower value than wealthier people, so in general, Site Value Tax is a progressive tax on wealth where low-income people will pay a very low Site Value Tax. In the short term, however, there may be a mismatch where the owners' income is low but their home site is valuable. Of those, some will be wealthy owners holding other assets whose low income can be explained by tax planning. But some people will be in genuine difficulty, especially those who bought at the height of the boom and whose income is depleted by debt repayments. These people will get a sliding discount depending on when they bought in the boom. Similarly, elderly people with limited income will have the option to postpone payment until the home is next transferred. (See Ronan Lyons' article in this book.) There is also the option of giving every resident a modest 'green space' allowance or credit to recognise their co-ownership of the land, coupled with a higher rate of Site Value Tax. Depending on how this is set, low-income families in modest homes could be removed from the tax net. It would also have the effect of raising the tax on empty buildings and sites. These benefits would have to be set against the complications of implementation. In the long run, as Site Value Tax displaces other income and transaction taxes and as unearned income from land is severely reduced and investment in productive activities increased, peoples' incomes will tend to converge and ability to pay should be less of a problem. (See Dave Wetzel's article in this book.)

Q17: Who will collect the Site Value Tax and what will the receipts be used for?

A17: It matters little which agency collects the Site Value Tax. Convincing arguments have been made that the Revenue should be charged with this task rather than individual local authorities, which have difficulty collecting even 50% of commercial rates and water charges. We believe that the local authority agency the Local Government Management Services Board should also be considered as it has the technical and organisational capacity to carry out this function on behalf of local authorities. What is more important is how the receipts are distributed. Receipts from property in a local authority area should be remitted back to that local authority so that wise planning and investment in services that add value are rewarded by higher tax receipts. This basis structure does not preclude pooling a democratically agreed percentage of the tax take to be distributed to weaker local authorities according to a set of clear criteria and objectives.

Q18: Could local authorities vary the rate of Site Value Tax for their area?

A18: The Site Value Tax rate should be set centrally, informed by the total sum that the public sector needs to invest in national infrastructure and services. This is because some local authorities may be tempted to set a lower rate in the mistaken belief it would attract new residents or businesses. Experience in the US shows that this leads to a race to the bottom and poor services for everyone. However, it should be open to local authorities (or groups of local authorities) to charge an additional Site Value Tax to pay for a particular project, such as the Western Rail Link for instance. In this case the landowners who would benefit would be asked to vote for an extra Site Value Tax and if a majority agreed, the extra tax would be levied for a specific time. (See Dr. Constantin Gurdgiev's article in this book.)

Q19: Will Site Value Taxation have a positive effect on rural industrial development and employment?

A19: Yes. It is likely that some rural towns and villages will find that demand for property in their area will increase and that in turn will provide more employment. Under a comprehensive national site valuation, commercial land values outside of Dublin and to a lesser extent in provincial cities, will be considerably lower, which will attract those businesses that do not need all of the services and benefits of a big city and which will now have a cheaper alternative.

Q20: If local authorities get the receipts of the Site Value Tax surely they will encouraged to over-zone and over-develop in rural areas?

A20: All rural areas need development, be it water services, Internet, public transport, schools and so on. Investment is needed to maintain and create jobs to prevent rural depopulation; farming provides relatively few jobs in rural areas. The rural countryside is not primarily a low-density residential area; it is primarily a food-producing and, increasingly, an energy-generating area for the Irish nation. The countryside is also an invaluable ecosystem service provider and biodiversity habitat that is coming under increasing pressure from urban-generated housing. Site Value Tax will fund local authorities to invest in proper plans and services for rural villages and towns that will provide convenient and generous sites for family houses so that people are not forced to build in isolated fields. Pressure to zone land for speculative housing estates near rural villages will be eliminated as the landowner will have to pay Site Value Tax immediately the land is zoned when he has no new income to cover it. Zoned land will lose much of its sale value as the annual tax is factored in by prospective buyers. This will make the speculative holding of land for development quite uneconomic. Landowners are much more likely to resist zoning than to lobby for it and, as we have learnt from hard experience, local authorities are very sensitive to local landowners' desires. For the first time in Irish history, ordinary local people will be able to shape their own settlements guided by their collective vision rather than suffer developer-led housing estates.

Q21: Why should rural dwellers pay less Site Value Tax than urban house owners even though their houses are much larger on average than urban houses?

A21: Not all rural dwellers will pay less Site Value Tax than urban dwellers; it depends very much on each case. Some rural areas have high site values, such as areas within easy commuting distance of a large town, and some urban areas have low values such as in an area dominated by social housing. But in general it is true that self-built one-off houses in rural areas are considerably larger than their urban counterparts. Neither this fact nor their larger sites makes them more valuable than a more compact house and garden; in fact they take longer to sell and they sell for less than their urban counterparts because of their lack of convenience and the extra costs of living remotely. They can be very poor investments for their owners and this is reflected in the site valuation.

Q22: As agricultural land is not zoned for development, the owner can get planning permission for sites and sell them immediately without paying any Site Value Tax, unlike a zoned site. Would this not encourage more remote one-off houses in the countryside?

A22: Good question…. and yes, that could be the case. It will be in the interest of the farmer to sell but not of course for the buyer to buy (see Q&A19). Neither would it be in the interest of the settlement dwellers who cross-subsidize the services of remote dwellers. So we recommend that when given planning permission, the site owner should make an upfront payment of 10 times the annual Site Value Tax that would have been due on the site. If development levies are eliminated as we recommend and because remote sites are more costly to service (despite the common perception), the upfront Site Value Tax should be set even higher. But the final answer to remote site development is to provide cheap, generously sized, convenient alternatives sites in well-planned rural villages, a policy that is actually enabled by Site Value Taxation.

Q23: How can a Site Value Tax succeed in Ireland where there is a strong cultural attachment to land and where people have historically resisted any interference with their use and enjoyment of it?

A23: It is true that Irish landlords resisted any interference with their landed property and it took a devastating famine and land war to change that. (See Emer Ó Siochrú's introduction in this book.) The Irish tenant fought for fair land rents, no charges for improvements and better security of tenure. If you substitute tax for rent, Site Value Tax meets all three criteria. Site Value Tax is demonstrably fair, is not a tax on buildings or improvements and will improve security by eliminating property speculation and debt peonage. Today it is the descendants of those tenants who largely own the agricultural land and residential and commercial property in Ireland, unlike in Britain, where the descendants of the invading Normans retain the vast majority of the land.

It seems, however, that some Irish people have misinterpreted history and now identify with the old landlord class. Unfettered private ownership is not in our culture. If you go further back in history to when the native Irish were in full control, their Brehon laws show that much land was held in common and that private lands were subject to further controls and taxes by the clan. The notion of freehold title and the privileges as opposed the responsibilities of its ownership came in with the Normans. It was fully imposed in Ireland by Cromwell in the second conquest when he rewarded the loyalty of his troops with the lands of the defeated people – the first recorded instance of organised ethnic cleansing in Ireland. After years of campaigning, the Irish came very close to a land value tax in 1909 when a People's Budget was introduced in Westminster that proposed it for both islands. It was vehemently opposed by the House of Lords, whose landed interests would have been severely damaged. In 1912 Prime Minister Asquith agreed a pact with Redmond and the Irish Parliamentary Party to introduce a third Home Rule Bill if the Party supported the Budget and the Parliament Bill, which reduced the power of the House of Lords. The Parliament Act and the Budget were passed, Land Value Tax was excluded and the outbreak of the First World War delayed the Home Rule Bill. The rest, as they say, is history. We have now another golden opportunity to set things right, to restore balance to private versus community claims to the land of Ireland. It is very important for our future that we take it.