



# Office of the Revenue Commissioners

Update on Recommendations and (where available) on statistical tables contained in the Comptroller and Auditor General's Report on the Account of the Public Services 2011  
(Updated statistics are in red for ease of comparison with those in the Report).

## Chapter 8 – Revenue Outturn 2011

This Chapter examines key trends in the amounts collected between 2007 and 2011.

There is only one Recommendation in this Chapter and that relates to the Department of Finance.

### Para 8.5

The reversal of the downward trend of 2007 – 2010 in tax collected, which started in 2011, continued into 2012 (tax up €1.8 billion or 4.2% over 2011)

#### Update of Figure 8.2 to include 2012 outturn

	2010 €m	2011 €m	Change 2010 to 2011	2012 €m	Change 2011 to 2012
<b>Gross amount collected</b>	47,559	48,427	+1.8%	50,237	+4%
Repayments of taxes and duties	(6,420)	(6,269)	-2.4%	(6,302)	+ . 5%
Repayments of other charges	(86)	(58)	-32.5%	(67)	+15.5%
<b>Net amount collected</b>	<b>41,053</b>	<b>42,100</b>	<b>+2.6%</b>	<b>43,868</b>	<b>+4.2%</b>
Of which:					
Income Tax	11,265	13,814	+22.6%	15,165	+10%
Value Added Tax	10,102	9,752	-3.5%	10,170	+4%
Excise	4,667	4,704	+0.8%	4,799	+1.9%
Corporation Tax	3,944	3,500	-11.2%	4,218	+20.5%
Stamp duties	962	1,383	+43.8%	1,426	+3.2%
Capital Gains Tax	345	416	+20.6%	414	- . 5 %
Capital Acquisitions Tax	237	244	+3.0%	283	+16%
Custom duties	229	240	+4.8%	242	+ . 8%
<b>Exchequer revenue</b>	<b>31,751</b>	<b>34,053</b>	<b>+7.3%</b>	<b>36,718</b>	<b>+7.8%</b>
Pay Related Social Insurance	9,110	7,857	-13.8%	7,152	-9 %
Tobacco Levy	168	168	—	168	0%
Environmental Levy	19	16	-15.8%	14	-12.5 %
Other	5	6	+20.0%	6	0%
<b>Other charges</b>	<b>9,302</b>	<b>8,047</b>	<b>-13.5%</b>	<b>7,340</b>	<b>-9 %</b>

**Figure 8.9 Repayments by Revenue 2007 to 2012**

<b>Payments</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	€m	€m	€m	€m	€m	€m
Income Tax	3,206	3,398	3,229	2,680	2,597	2,564
Value Added Tax	4,729	4,560	3,325	2,642	2,604	2,849
Corporation Tax	936	975	1,445	976	948	812
Excise	124	103	48	54	53	33
Capital Gains Tax	64	70	62	38	38	23
Stamp duties	65	49	23	23	18	14
Capital Acquisitions Tax	6	8	12	6	10	6
Custom duties	7	15	4	1	1	1
<b>Total</b>	<b>9,137</b>	<b>9,178</b>	<b>8,148</b>	<b>6,420</b>	<b>6,269</b>	<b>6,302</b>
<i>as % of net yield</i>	<i>19%</i>	<i>22%</i>	<i>25%</i>	<i>20%</i>	<i>18%</i>	<i>17%</i>

## Chapter 9 – Revenue Debt Collection

This Chapter reviews Revenue’s debt collection function including debts written off.

There are two Recommendations in this Chapter: -

### Recommendation 9.1 [Paragraph 9.36]

*Revenue should develop more specific performance measures in relation to its debt management function, reflecting the complexity of the underlying factors. For example, it could consider setting separate outstanding debt targets for fiduciary and direct taxes; and differentiating in setting debt age profile targets between collectible debt and debt under appeal.*

Response: -

“Agreed. Since debt is not available for collection until the appeal process is concluded it is not practical to develop targets for that category of debt. In relation to collectible debt, Revenue is developing additional performance measures. An I.T. development which is currently under testing will facilitate enhanced reporting on debt management performance”.

Update: -

Revenue has now introduced a new computer system known as ACAT (Arrears Case Analysis Tool). The system facilitates enhanced analysis and targeting of resources to

priority debt cases. All Debt Management Units are now assigned “debt available for collection” targets related to the size of the debt and taxhead.

#### Recommendation 9.2 (Paragraph 9.37)

*Revenue should develop its debt management system to include the capacity to generate reports showing the composition in terms of the type and age of debt, the size of the debt by case, and the current status and history of each case. It should also support the generation of relevant debt collection performance measures, including in relation to the rate of appeal, duration of appeal proceedings and appeal outcomes.*

Response: -

“Agreed. The new debt management tool introduced in February 2012 will enhance the information available in relation to outstanding debt. Revenue will continue to enhance its capability in relation to debt management programmes”.

Update: -

Revenue’s Debt Management teams have already commenced utilising ACAT facilitating enhanced analysis and targeting of resources to priority debt cases. The Collector-General’s Division will be introducing enhanced debt reports during 2013 to report on debt management performance.

**Figure 9.7 Tax Write-Offs in excess of €1 million each, by sector, 2011 & 2012**

Sector	No. of cases	Fiduciary Taxes €000	Direct Taxes €000	Total €000
Construction	9	9,831	3,027	12,858
Real Estate	(4)	(5,618)	(3,230)	(8,848)
Wholesale and retail trade	5	12,306	—	12,306
Construction	(3)	(4,156)	(0)	(4,156)
Administrative and support service activities	4	8,095	850	8,945
Leisure Activities	(1)	(3,146)	(0)	(3,146)
Accommodation and food service activities	1	1,080	—	1,080
Professional Activities	(1)	(326)	(938)	(1,264)
Extraterritorial organisations and bodies	1	3,641	—	3,641
<b>Total</b>	<b>20</b>	<b>34,953</b>	<b>3,877</b>	<b>38,830</b>
<b>Total</b>	<b>(9)</b>	<b>(13,246)</b>	<b>(4,168)</b>	<b>(17,414)</b>



**Figure 9.8 Phoenix and Commonality Programme Compliance Rates, December 2011/ 2012**

Debt Management Unit	Cases		Compliant	
	2011	2012	2011	2012
Commonality Unit	3,787	3,576	71%	68%
Phoenix Unit	658	660	66%	64%
<b>Total</b>	<b>4,445</b>	<b>4,236</b>	<b>70%</b>	<b>67%</b>

## Chapter 10 – Increasing Tax Compliance

This Chapter examines the risks to timely tax compliance and the measures applied by Revenue to deal with them. There are 3 Recommendations in the Chapter: -

### Recommendation 10.1 [Paragraph 10.60]

*Revenue should develop the methodology underpinning its random audit programme to provide estimates of the revenue audit gap, and of the tax losses resulting from registered taxpayers being non-compliant. This should include the capture of information in relation to the value of the tax under-declared and the original liability. This would allow the results to be extrapolated to provide an estimate of the total tax under-declared for the entire population of registered taxpayers.*

Response: -

Agreed in part. Since July 2012, the value of tax under-declared and the original liability is recorded in relation to all cases audited as part of the random audit programme. Revenue will consider this recommendation further.

Update: -

Revenue has considered further what would be the requirements for a measurement of the audit gap. One of the requirements would be for a greatly increased number of random audits. As this would impose a high opportunity cost on the Exchequer/Revenue and compliance cost on compliant taxpayers it is not proposed to pursue such a measure (especially in the current economic climate).

As with many performance measures it is the movement over time that is important rather than absolute magnitudes (which can be seriously flawed and therefore prevent meaningful comparisons) Revenue is already in possession of reasonably robust

compliance figures over a period of years from its random audit programme. These figures [Figure 10.3 below] indicate that about 2/3rds of taxpayers are fully compliant. The majority of the non-compliant relate to tax amounts of substantially less than €4,000. Only a small amount (less than 3%) relate to amounts in excess of €10,000.

Recommendation 10.2 [Paragraph 10.61]

*A re-audit programme with clearly defined objectives and outcome measures should be developed and implemented.*

Response: -

“Agreed. A re-audit programme will be implemented in 2013”.

Update: -

Preparatory work for the 2013 re-audit programme commenced in October 2012 and the cases for the programme are due to be distributed to the Revenue regions next month. The primary objective of the re-audit programme is to establish what impact the current audit programmes have on compliance. Besides measuring recidivism and the impact of a yielding audit on taxpayer behaviour, the programme will also consider the impact, if any, of a non-yielding audit on taxpayer compliance behaviour.

Recommendation 10.3 [Paragraph 10.62]

*Revenue should set targets in relation to timeliness of taxpayer compliance in terms of both payment compliance and filing compliance.*

Response: -

“Not agreed. Revenue consider that the differences in compliance rates as measured by the composite measure and that measured using separate payment and return compliance figures is not significant and would not merit a change in its compliance measurement system”

Update: -

The difference between the composite rate and the disaggregated rates is in practice very small. Separating them may not reflect, the positive compliance dimension where, for example, a taxpayer submits a return and pays as much as possible in a situation

where there are cashflow problems. Such problems need to be distinguished from deliberate non-engagement.

Monthly targets for the monitoring of tax collection at taxhead level are, of course, set out for the Budget day estimates which facilitates the identification and public reporting of collection trends.

**Figure 10.3 Proportion of Random Audits Resulting in Additional Yield 2007 to 2012**

	2007	2008	2009	2010	2011	2012
Number of audits completed	397	397	389	370	326	
			398	389	369	249
Number of audits that yielded additional tax	130	119	134	128	106	
			139	139	120	72
Yielding cases as % of completed cases	33%	30%	34%	35%	33%	
			35%	36%	33%	29%

**Figure 10.4 Audit Yield from Random Audits 2007 to 2012**

	2007	2008	2009	2010	2011	2012
Base year yield (€000)	808	1,171	1,155	923	545	299
Yield for other years (€000)	1,188	1,448	1,461	1,443	799	182
Total yield (€000)	1,996	2,619	2,616	2,366	1,344	481
Average yield for all audits completed	€5,000	€6,600	€6,600	€6,100	€3,600	€1,931
Average yield in yielding audits	€15,400	€22,000	€19,000	€17,000	€11,200	€6,680

**Figure 10.7 Revenue Assurance Checks and Outcomes 2012**

	Revenue districts		Large Cases Division		Total	
	2011	2012	2011	2012	2011	2012
Number of checks carried out	536,500	514,963	10,000	13,794	546,500	528,757
Proportion of checks with yield	6.5%	20.3%	3.5%	1.4%	6.4%	19.8%
Average yield per yield case	€1,600	€920	€75,700	€195,389	€2,300	€1,278



**Figure 10.8 Revenue Audit Activity and Outturn 2011 / 2012**

	Revenue Districts		Large Cases Division		Special investigations		All audits	
	2011	2012	2011	2012	2011	2012	2011	2012
Audits carried out	10,020	8,245	300	201	240	228	10,560	8,674
Proportion of audits with yield	73%	68%	67%	62%	92%	89%	73%	68%
Total yield (€ million)	300	283	104	58	33	30	437	371
Average yield per yield case	€39,500	€48,200	€343,500	€464,000	€153,700	€147,800	€50,600	€62,500

**Figure 10.9 Cases of Non-Compliance Published 2007 to 2012**

Year	2007	2008	2009	2010	2011	2012
Number of cases	555	401	356	305	366	348
Total yield €m	144	75	97	68	76	71

**Figure 10.10 Civil penalties imposed in non-compliance cases 2011 2012**

	Non-filing of P35 and VAT returns		Penalties applied as a result of audit		Total	
	2011	2012	2011	2012	2011	2012
Number of cases	724	717	4,004	3,488	4,728	4,205
Value of civil penalties imposed (€ million)	2.9	2.8	33	26.2	35.9	29
Average civil penalty imposed	€4,000	€3,900	€8,240	€7,512	€7,590	€6,896

**Figure 10.11 Summary prosecutions for tax offences 2008 to 2012**

	2008	2009	2010	2011	2012
<b>Prosecution cases for</b>					
	Number of cases				
Failure to file returns	1,052	1,199	1,380	1,217	1,045
Customs and Excise offences	455	535	509	497	502
Tax offences	11	9	10	16	29
	1,518	1,743	1,899	1,730	1,576
<b>Value of fines imposed in Court</b>					
	€ million				
Failure to file returns	2.3	3.0	4.0	2.8	3.1
Customs and Excise offences	0.6	0.8	1.1	1.1	1.1
Tax offences	— <sup>a</sup>	— <sup>a</sup>	— <sup>a</sup>	— <sup>a</sup>	0.06
	2.9	3.8	5.1	3.9	4.26

<sup>a</sup> Aggregate value of fines imposes less than €50,000 each year

**Figure 10.12 Status of Prosecution Cases on Hand 2009 to 2012 (April each year) - end 2012**

Status of prosecution cases on hand	2009	2010	2011	2012	2012
Under investigation	61	50	69	87	87
With the Revenue Solicitor's Office	11	14	12	23	39
Submitted to the DPP	10	9	3	1	3
Directions issued by DPP to prosecute	15	26	33	23	14
Before the court	13	17	34	48	13
<b>Total open cases</b>	<b>110</b>	<b>116</b>	<b>151</b>	<b>182</b>	<b>156</b>

**Figure 10.13 Prosecution for Serious Tax Evasion 2008 to 2012**

	2008	2009	2010	2011	2012
<b>Convictions obtained</b>					
Tax evasion cases	15	6	7	16	25
Customs and Excise evasion cases	5	9	6	14	25
Total convictions	20	15	13	30	50
<b>Penalties</b>					
Value of fines (€ million)	1.2	0.5	— <sup>a</sup>	0.1	0.46
Suspended sentence	6	2	7	15	21
Imprisonment	1	4	1	8	19