



Oifig an Ard-Rúnaí
An Roinn Coimirce Sóisialaí
Áras Mhic Dhiarmada
Sráid Stórais
Baile Átha Cliath 1, D01 WY03

Office of the Secretary General
Department of Social Protection
Áras Mhic Dhiarmada
Store Street
Dublin 1, D01 WY03

☐ (01) 7043000

Facs / Fax (01) 7043721

Ms Margaret Falsey
Committee Secretariat
Committee of Public Accounts
Leinster House
Dublin 2

6th April, 2017

Re: report on trading status of companies/businesses with a debt to the social insurance fund

Dear Ms Falsey,

In my letter to the Public Accounts Committee of 21st December, 2016, I indicated that the Department would provide a report on the trading status of all companies and businesses with a debt to the social insurance fund based on management information.

To ensure that the information is as up-to-date as possible the Department cross-referenced this management information with data from the Companies Registration Office (CRO). The Department has also prepared a breakdown of the employer debt owed to the social insurance fund.

The data provided below relate to the period January-March 2017, and are subject to end-of-year adjustments.

- There are 13,400 employers with a debt to the social insurance fund. Of these,
 - 9,306 (70 per cent) are Irish registered companies
 - 4,094 (30 per cent) are partnerships or sole traders.
 - A small number – 30 – are companies registered outside Ireland.

- The trading status of the 9,306 Irish registered companies, based on CRO data, is as follows:

Receivership	565	6%
Liquidation	3,324	36%
Dissolved	1,887	20%
Struck off	77	1%
'Normal'	3,453	37%

This profile illustrates the majority of indebted companies (5,853 or 63 per cent) are either dissolved or in the process of being wound up through receivership or liquidation. A minority of indebted companies (3,453 or 37 per cent) have filed annual returns in recent years and are therefore categorised as normal by the CRO. While these companies continue to exist as a legal entity, it does not necessarily mean that they are trading.

The trading status of the 4,094 non-registered businesses (partnerships and sole traders) with debt to the social insurance fund cannot be independently verified.

The data above shows the number of individual business entities with debts to the fund categorised according to whether or not they have been, or are in, the process of being wound-up. Of greater interest is the proportion of the debt owed by the firms in each of these categories. A profile of the overall total of €459m debt shows that

- €417 million (91 per cent) of the debt is owed by registered companies; of this amount
 - €345 million of the debt is attributable to companies which are either wound-up or in the process of being wound-up
 - €72 million is held by companies whose CRO status is recorded as 'normal'.
- €42 million of debt (9 per cent) is held by partnerships or sole traders.

In terms of debt management and recovery, the Department is a preferential creditor of companies in liquidation or receivership and works with receivers and liquidators to maximise recoveries. This is a long process and frequently, there are very limited, if any, assets available for distribution to creditors. No debt recovery is possible in cases of dissolved companies.

The Department actively engages with companies categorised as 'normal' with a view to recovering debt. A dedicated debt management team makes contact with these companies to establish their financial position and ability to repay the debt in full or as part of an agreed debt repayment plan. This is followed-up on an ongoing basis with reminders and annual statements on outstanding debt.

As a result of its debt management activity, the Department secured total recoveries estimated at €10.5m during 2016.

Please contact me if you require further information.

Yours sincerely,



Niamh O'Donoghue
Accounting Officer.