

**Opening Statement to Budget Oversight Committee, by Gerry Howard,
Assistant Secretary, Business Taxes Policy and Legislation Division, Revenue.**

Chairman and Members of the Committee,

I welcome the opportunity to meet with you today and to provide you with whatever assistance we can in relation to the topics covered in your letter of invitation. I understand from that letter, the Committee wishes to engage specifically on:

- A review of corporation tax receipts for 2015; and
- An examination of the stability of the corporation tax base.

I am sure the Committee will appreciate Revenue's role in relation to these matters. As the tax administration in the State, Revenue collects taxes and duties, including corporation tax. Therefore, Revenue has access to, and is able to provide, statistical information and analysis of corporation tax returns and receipts.

Corporation tax receipts have been in focus over the last couple of years, particularly as a result of the 49% spike in net corporation tax receipts in 2015. In a bid to facilitate a better understanding of the increase, Revenue published a paper last year analysing receipts in 2014-2015. That analysis was based on a review of available tax return and payment data.

This year, at the time of the recent publication of its 2016 Annual Report, Revenue published a research paper containing an analysis of 2015 corporation tax returns and corporation tax payments made in 2016. The analysis for 2015 is based on a review of corporation tax returns for accounting periods ending in the calendar year 2015, the majority of which were filed towards the end of 2016. It provides some insights into the significant increase in corporation tax receipts in 2015. While returns for 2016 are not yet available, the paper contains an initial analysis of the trends in corporation tax payments for 2016.

I understand that members of the Committee may have seen a copy of Revenue's research paper. My Colleague, Keith Walsh, who is a Principal Officer in Revenue's economics and statistics branch, is here today and will, shortly, give you a presentation on the main findings from that research and analysis.

By way of brief introduction to the presentation, Revenue's review of corporation tax returns for accounting periods ending in 2015 revealed that a number of factors contributed to the significant increase in corporation tax receipts in 2015. The principal factor is an increase in trading profits across nearly all sectors. The paper also reveals that, although to a lesser extent than in 2015, a substantial portion of corporation tax receipts were concentrated in a relatively small number of large corporate taxpayers in 2016. 37% of total corporation tax receipts were paid by the 10 largest companies in 2016 (as compared to 41% in 2015). More than 80% of total corporation tax receipts in 2016 came from large companies dealt with by Revenue's Large Cases Division.

In addition to Keith Walsh, I am also joined by Jeanette Doonan and Áine Hollingsworth who are both Principal Officers dealing with business taxes policy and legislation within Revenue.

I now invite Keith to make a presentation to the Committee. We will be happy to address any questions the Committee might have in relation to the presentation. While we will gladly provide whatever assistance we can to the Committee in relation to its deliberations on these issues, the Committee will appreciate that Revenue is constrained by law, and specifically by section 851A of the Taxes Consolidation Act 1997, from discussing the tax affairs of any taxpayer on confidentiality grounds. This includes providing any information that might lead to the identification of any taxpayer.

Thank you.