

**Opening Statement of Niall Cody, Revenue Chairman,
to the Committee of Public Accounts on
19 November 2020**

Thank you, Chairman, for the opportunity to make my opening statement.

I understand that today's meeting is to focus on the 2019 Appropriation Account and the Account of the Receipt of Revenue of the State. I understand that we are not going to deal with Chapter 14 on tax appeals today. As requested, I will keep my comments brief.

I am accompanied today by Brian Boyle, Accountant General and Angela O'Gorman, C&AG and Committee liaison.

In the context of today's discussions, I draw the Committee's attention to section 851A of the Taxes Consolidation Act 1997 and my obligation to uphold taxpayer confidentiality.

Account of the Receipt of Revenue of the State 2019

In 2019, Revenue collected total gross Exchequer receipts of €84.2 billion, including €15.8 billion in non-Exchequer receipts collected on behalf of other Government Departments and Agencies.

Net Exchequer receipts were €58.3 billion, which was an increase of €3.7 billion or 6.7% over 2018 figures. The most significant increases in net receipts were Income Tax €22.9 billion (up 7.7%), VAT €15.2 billion (up 6.8%) and Corporation Tax €10.9 billion (up 4.8%).

Up to the end of October this year, Exchequer tax receipts were almost €43 billion, some €2.4bn or 5.3% less than the same period last year

Revenue's Appropriation Account 2019

Revenue's estimate for 2019 was originally €446 million. A supplementary estimate of €4.1 million, was obtained for Brexit infrastructure. The final estimate was €382.7 million net of appropriations in aid. The net outturn was €378.5 million.

Pay, and associated costs, accounted for €319.1 million of the gross outturn of €449.1 million. There were 6,959 people working in Revenue equivalent to 6,708 Full-Time Equivalents at the end of 2019. In 2019, we continued to invest in ICT systems, which was the second largest item of expenditure at €57.4 million.

Activities in 2019

In 2019, we delivered a range of measures to support voluntary compliance and implemented a robust response to non-compliance.

We had over 4.2 million customer contacts and supported compliance for 3.2 million employments, 1 million businesses, and 1.4 million property owners. We continued to enhance and improve our range of online services, improving taxpayer experience while minimising the risk of non-compliance.

Revenue continued to engage in extensive and detailed **Brexit** preparedness and contingency planning. Our planning is strongly focused on facilitating legitimate trade, enhancing competitiveness and supporting business while managing compliance risks.

PAYE Modernisation delivered the most significant reform of the PAYE system since it was introduced in 1960. Real-time payroll information facilitates the collection of the right tax at the right time and the enhancement of online services to PAYE taxpayers.

On the tax compliance front, we carried out over 566,000 **compliance interventions**, yielding €548 million in tax, interest and penalties, in 2019.

Response to Covid-19

The Covid-19 pandemic presents very significant challenges for the economy, both for businesses and individual workers. Our investment in real-time payroll reporting meant that we were able to quickly re-engineer our PAYE system in conjunction with the Payroll Software sector to support employers and employees.

The **Temporary Wage Subsidy Scheme** provided more than **€2.8 billion** in support to 66,500 employers in respect of over 664,000 employees between 26 March and 31 August.

The **Employment Wage Subsidy Scheme** replaced TWSS from 1 September and to date over €795 million has been paid to over 38,000 eligible employers in respect of 410,000 employees.

Businesses can now also register for the **Covid Restrictions Support Scheme** through ROS and over 10,000 businesses have applied. The first payments were claimed through the scheme on Tuesday and €20m will be paid out by the end of this week.

The **Debt Warehousing Scheme** has parked €2.2 billion in tax arrears on behalf of businesses suffering COVID-19 related trading downturn.

Bogus Self Employment

The Committee has also expressed an interest in “Bogus self-employment” and I have provided information in advance of this meeting.

Conclusion

Back last March the country faced into an unprecedented and uncertain future. We responded immediately to support compliant businesses through the uncertain environment.

We also looked beyond our Mission – *“To serve the community by fairly and efficiently collecting taxes and duties and implementing customs controls.”* to see how we could use our operational know-how, technology and systems to support tax compliant businesses.

In conjunction with our colleagues in the Departments of Finance, Public Expenditure and Reform, Social Protection and others we developed legislative and technology solutions and implemented schemes within the tightest of timeframes.

We also supported the HSE and the Department of Health with contact tracing and data analytics assistance, including the temporary deployment of resources.

We have reprioritised our work and shifted to new ways of working. Our secure and sophisticated ICT framework allowed us to quickly pivot to remote working and today we have over 5,000 staff working from home dealing with taxpayers, taking and making telephone calls about a wide variety of issues such as Brexit preparations, tax repayments,

dealing with complex international tax issues, etc. There have been almost 3 million customer contacts so far this year compared to 4.2 million for 2019.

We haven't diluted our role in tackling smuggling as well as countering excise fraud. The last six months have seen significant seizures of drugs and cigarettes and we continue to work closely with An Garda Siochana and our international partners in tackling illegal activity.

If the pandemic hadn't happened the big focus this year would have been Brexit preparations. However, we've continued our preparations across all fronts - staffing, technology, infrastructure and engagement with business, in partnership with our colleagues in the other State agencies. There remains uncertainty around the final outcome of Brexit, but it is clear that as the UK leaves the Single Market and the Customs Union there will be significant change for imports and exports to and from Great Britain and through Great Britain.

I can't speak highly enough about how my colleagues responded to the changed environment arising from COVID-19. They have developed new schemes, implemented complex systems at unprecedented pace and changed work practices to better assist taxpayers and businesses. I have no doubt that we've made a few mistakes along the way, but we've also learned a lot in a short space of time, and we've adapted and shown our resilience as we've gone on.

I am hugely proud of how Revenue responded to the pandemic. Our staff adopted very quickly to new ways of working many using their own devices to work from home. Our managers and staff at all levels have engaged with and supported each other through a challenging work environment and I want to take this opportunity to thank them all for their commitment and professionalism in these challenging times.

Finally, I will again draw the Committee's attention to section 851A and my obligation to uphold taxpayer confidentiality. Subject to this constraint, I will answer any questions from the Committee.

Thank you.