

Select Committee on Budgetary Oversight

14 February 2024

Opening Statement of the Office of the Revenue Commissioners

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

I understand the purpose of this evening's meeting is to consider the costs and effectiveness of a number of business support schemes, and how the budgetary impact of each scheme is evaluated before, during and after implementation.

I am accompanied today by Geraldine Hegarty, Principal Officer in Revenue's Collector General's Division.

Revenue's role is to serve the community by fairly and efficiently collecting taxes and duties and implementing customs controls. In doing so, Revenue is responsible for implementing the tax legislation in place.

While Revenue supports the Department of Finance by providing input, advice and data to assist with policy consideration, Revenue does not have responsibility for evaluating the budgetary impact of policy decisions, including those related to temporary supports for businesses.

As part of the national response to the Covid-19 pandemic, Revenue played, and continues to play, a significant role in the delivery of critical Government supports to affected businesses. Revenue's contribution in this regard was through the administration of a number of business support schemes. The

Debt Warehousing Scheme is the only Covid related scheme administered by Revenue currently still in operation.

More recently, against the backdrop of the exceptional increase in energy costs arising from the invasion of Ukraine by Russia, Revenue administered the Temporary Business Energy Support Scheme on behalf of the Government.

In its administration of business support schemes, Revenue implements the legislation in place through effective system design, providing extensive guidance, ensuring compliance via both service and compliance work and the publication of relevant information and statistics.

The Temporary Business Energy Support Scheme was administered by Revenue and provided support to qualifying businesses in respect of increased energy costs relating to the period from 1 September 2022 to 31 July 2023. The time limit for making a claim under the scheme expired on 30 September 2023. At the end of December 2023, just over 25,300 businesses had availed of the scheme with an associated cost to the Exchequer of €153.8million.

The Debt Warehousing Scheme was introduced in May 2020 to provide vital liquidity support to businesses impacted by the COVID-19 pandemic. The scheme allowed for the “parking” of certain tax liabilities relating to periods during which trading was restricted by public health measures.

On 5 February 2024, the Minister for Finance, Michael McGrath T.D., announced that the interest rate applicable to warehoused debt is reduced to 0% and that the necessary legislation to implement the reduction will be

introduced at the next available opportunity. Revenue has confirmed that it will operate the reduced interest rate on an administrative basis pending the legislative change. Revenue has also confirmed that, where a business had already paid warehoused debt which was subject to interest at 3%, it will get a refund of that interest.

The balance in the warehouse peaked in January 2022 at €3.2 billion. At the end of January 2024, approximately 57,200 taxpayers were availing of the scheme with €1.71 billion warehoused. Almost 40,000 (70%) of those availing of the scheme have warehoused debt of €5,000 or less.

Revenue's approach to the payment of warehoused debt from 1 May 2024 will be flexible and tailored to each business based on its capacity to pay. Revenue will work with businesses so that they can continue to meet current liabilities as they arise and secure the viability of their business into the future.

To conclude, I would like to take this opportunity to draw the Committee's attention to section 851A of the Taxes Consolidation Act 1997 and the obligation of my colleague and I to uphold taxpayer confidentiality. Subject to this constraint, I am happy to answer the Committee's questions.

Thank you.