

**Introductory Statement by Mr. Paschal Donohoe TD, Minister  
for Finance**

**Meeting of the Select Committee on Finance, Public Expenditure  
and Reform, and Taoiseach  
Tuesday 20<sup>th</sup> April, 2021**

**Finance Group of Revised Estimates 2021**

Chairperson, members I am pleased to have the opportunity to appear before the Committee today in connection with the 2021 Revised Estimates for the Department of Finance (Vote 7) and for the other Votes within the Finance Group: the Office of the Comptroller and Auditor General (Vote 8), the Office of the Revenue Commissioners (Vote 9), and the Tax Appeals Commission (Vote 10). I look forward to a fruitful and positive exchange today.

I propose to focus on my Department first and to give a brief overview of its structure.

The Department is structured around two Directorates **the Economic & Fiscal Directorate (Programme A)** and **the Finance & Banking Directorate (Programme B)**. This structure remains unchanged in 2021.

There are also a number of support Divisions which ensure the smooth operation of the Department. In order to provide an accurate cost of the two Programmes A and B from a management reporting and oversight basis, the costs of these support Divisions are allocated on a 50:50 basis to each Programme.

### ***Presentation of the 2021 Estimates***

The funding allocation sought for the Finance Group of Votes for 2021 totals €494 million which compares to a 2020 Vote Group total of €462.7 million.

This represents an increase of €31.3 million or 6.7%. The primary driver of this increase is the provision of a €30 million increase for Vote 9, the Office of the Revenue Commissioners relating to costs associated with Brexit, which I will address later in my speech.

### ***Vote 7 - Department of Finance***

The net allocation sought for the Department of Finance Vote in 2021 is €39.511 million, of which some €11 million is provided for a fuel grant scheme for disabled drivers and a further €200,000 to fund the Commission on Taxation and Welfare.

Leaving these aside the Department's allocation provides for the administrative and non-administrative costs of the Department. The vast majority of this, €21 million (53%), is provided to cover salaries and allowances, with a further €4.856 million (12%) to cover facilities and non-pay administrative costs. There is an allocation of €370,000 to cover the Disabled drivers medical board of appeal and €570,000 for the Financial services Ombudsman. The remaining €2.635 million (6%) is provided to cover the legal, advisory and committee costs necessary to support the Department in the proactive delivery of its remit.

### ***Vote 8 – Office of C&AG***

The allocation for **Vote 8, the Office of the Comptroller and Auditor General**, is applied towards a single Audit and Reporting Programme.

The Comptroller and Auditor General (C&AG) is an independent, constitutional officer. The C&AG's mission is to provide independent assurance that public funds and resources are used in accordance with the law, managed to good effect and properly accounted for and to contribute to improvement in public administration. The C&AG is required by law to:

- issue opinions on the accounts of Government Departments and public bodies which are audited by him

- publish reports on important matters at his discretion relating to value for money and the administration of public funds
- authorise, under the comptroller function, the release of public money from the exchequer for purposes specified by law.

The Office assists the C&AG in his statutory functions and is staffed by civil servants.

The C&AG's financial audit role covers around 290 sets of accounts produced by public bodies. Together, those bodies have financial transactions which total over €200 billion of public money each year. The net allocation for this Vote in 2021 is €9.623 million (€9.116 in 2020), which is an increase of approximately 5.6% from 2020.

### ***Vote 9 - Office of the Revenue Commissioners***

Moving to **Vote 9, the Office of the Revenue Commissioners.**

The Office of the Revenue Commissioners, as the Irish tax and customs administration, plays a vital role in our economy by collecting taxes and duties due to the State.

For 2021, Revenue has requested a net budget allocation of €441.73 million, an increase of €29.93 million or 7.2% on the 2020 Estimate.

Over three quarters of the total budget allocation is related to payroll for an increased employment ceiling of 7,024 staff. In 2020 Revenue collected over €82 billion gross and €72 billion net in taxes, duties and other charges. The cost of administration is 0.6% of net collection.

This increased portion of the allocation is to fund requirements directly related to Revenue's Customs service, and primarily to the UK withdrawal from the European Union. The amount will provide for the full year cost for an additional 310 staff. The additional staff and related resources such as vehicles and equipment are being deployed to deliver on the objective of supporting and facilitating trade to address and manage the challenge of trading with the UK, now a 3rd country for the purposes of customs and other relevant regulatory controls, and also to deliver on the objective of disincentivising and combatting illegal activity and prohibited importations. In summary, this allocation will enable Revenue to implement customs controls in a manner that encourages legitimate trade, enhances competitiveness and supports business while managing compliance risks.

Revenue is also continuing to support the delivery of considerable Government supports to manage the impact that the Covid-19 pandemic has had on personal and business life in Ireland.

This includes the Emergency Wage Subsidy Scheme (EWSS), the Covid Restrictions Support Scheme (CRSS) and the Debt Warehousing Scheme. These economic support measures have been implemented by Revenue in an efficient and effective manner without incurring additional costs to the Exchequer.

As 2021 progresses, Revenue will continue to manage both the impact of the UK's withdrawal from the European Union and respond to the continuing challenge of the Covid-19 pandemic, while collecting the taxes, duties and other charges on behalf of the Exchequer.

### ***Vote 10 – Tax Appeals Commission***

Finally, ***Vote 10 – Tax Appeals Commission*** (the TAC), has a net budget allocation of €3.218 million for 2021, a slight decrease on the 2020 estimate of €3.233 million.

The 2021 Estimate is to provide for the TAC to advance its programme of modernisation and reform and to address its caseload whilst also meeting its obligations and accountability as an independent, Civil Service body.

In July 2020, I appointed the inaugural Chairperson of the TAC, to take overall responsibility for delivery of the TAC's mandate.

I am pleased and encouraged to say that the TAC is now making progress in reducing the back-log of appeals and there has also been an increase in the determinations issued, notwithstanding the challenges associated with operating during the Covid-19 pandemic. I expect that we will continue to see further progress into 2021.

### ***Conclusion***

I will conclude now by thanking members for their attention and I commend the 2021 Revised Estimates for the Finance Group of Votes to the Committee. I am happy to address any questions that members may have.

ENDS