

## Revenue Receipts: January to August 2019

### PBO Publication 47 of 2019

This publication provides an overview of recent trends in tax revenue. It is intended as a complement to the Parliamentary Budget Office's Expenditure Analysis Series monthly publication assessing Gross Voted Expenditure. It relied on data published by the Department of Finance in the Fiscal Monitor.<sup>1</sup>

The purpose of this note is to illustrate and assess the difference between revenue profiles and actual tax receipts collected by the State (outturns). It further acts as a supplement to the PBO's Quarterly Economic and Fiscal Commentary.

#### Commentary

Figure 1 illustrates the composition of Revenue outturn against profile (projected revenue for the same period). An Exchequer deficit of €625 million was recorded to end-August 2019.

Tax Revenues were broadly in line with profile, over-performing by just 0.7% or €233 million, with a total revenue outturn of €35,050 million collected to end-August 2019 (see Figure 2). However, as in previous months, this is in part due to the out performance of Corporation Tax and Capital Gains Tax relative to the under performance of Customs, Income Tax and VAT.

Figure 1: Cumulative Revenue Receipts (August) - Profile v. Outturn by tax subhead, €m

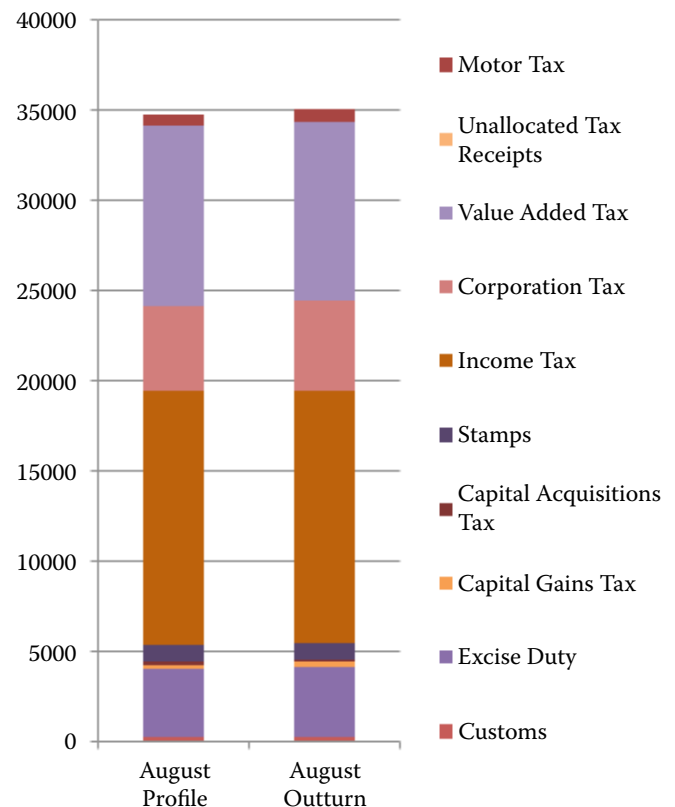
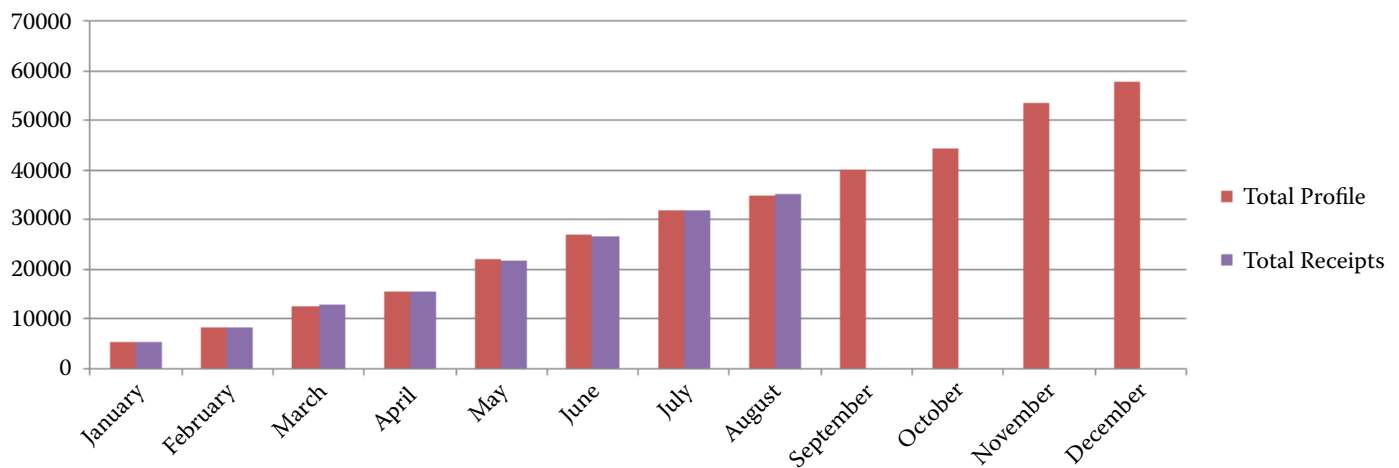


Figure 2: 2019 Revenue Receipts- Cumulative outturn v. Profile, €m



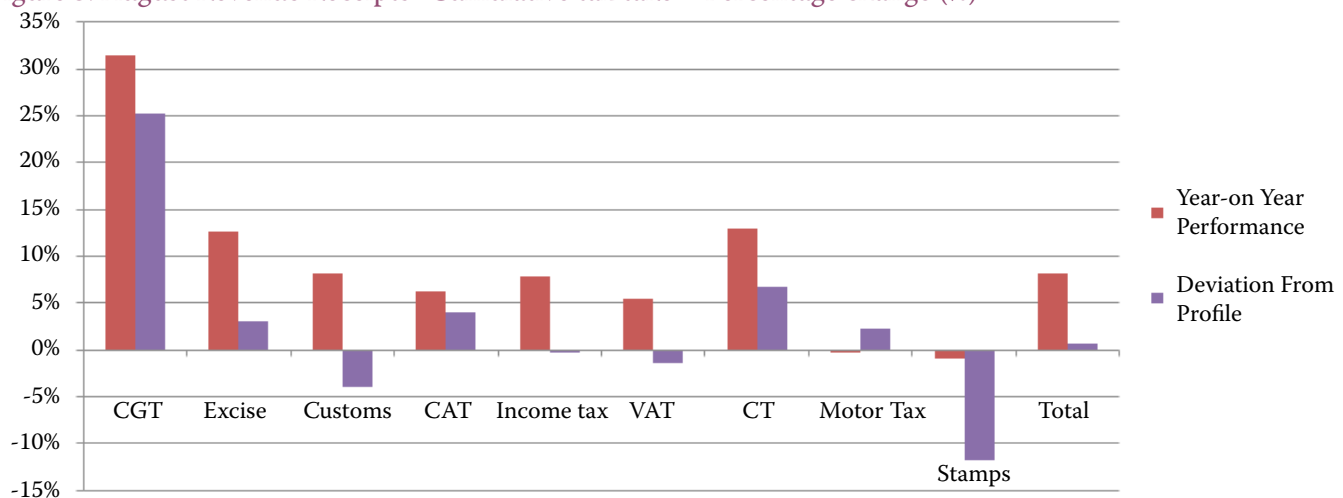
<sup>1</sup> Department of Finance (2019) *Fiscal Monitor: Incorporating the Exchequer Statement*, August 2019.

The Cumulative Performance of the various tax heads is shown in Figure 3. It should be noted that some year-on-year changes may be affected by Budget or Finance Bill changes. Of the largest tax heads, the key points to note are the following:

- Income tax receipts were 8.2% ahead of the monthly profile, however the Department (or the fiscal monitor) state this is largely a result of timing issues related to a late payment in July. Cumulatively, Income Tax remains largely on profile at just 0.3 % below profile.
- Corporation Tax continues to over perform, surpassing the cumulative profile by 6.8% or €314 million in August, with a 12.9% growth in receipts over the same period in 2018.
- Excise duty was €15 million below profile in August but its cumulative position throughout 2019 remains 3% higher than profile.
- Stamp Duty is 11.8% below profile and 1% below the same period last year, with €117 million collected in August. However, the fiscal monitor does note that receipts for Stamp Duty are tilted towards the later half of the year.
- Capital Gains Tax receipts are significantly higher than forecast, at €53 million or 25.3% above profile.

The relatively high variance of Corporation Tax, Stamp Duty and Capital Taxes from profile, reflects the inherent volatility of these tax categories, and is a recurring trend in revenue receipts.<sup>2</sup>

Figure 3: August Revenue Receipts- Cumulative tax take – Percentage change (%)



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<sup>2</sup> For a more detailed analysis of tax revenue volatility, see: Fitzgerald K., and J. Bedogni, (2019). “Examining the Volatility of Ireland’s Tax Base in the Paradigm of Modern Portfolio Theory”, Parliamentary Budget Office, Working Paper Series No. 1 of 2019