


# Annual Report 2015



# REVENUE COMMISSIONERS

## Annual Report 2015



**UP**  
€4.4B

**€45.79B**  
Net Receipts

**DEBT**  
AVAILABLE  
FOR COLLECTION



**€823M**

### NON-COMPLIANCE



**€642.5M** Audit, Compliance  
Investigations  
**67.9M** Cigarettes Seized  
**377** Tax Defaulters Published

### RETURNS/ PAYMENTS ON TIME

Large Cases **98%**  
Medium Cases **97%**  
Other Cases **85%**

**HOW WE  
RATE ON  
THE  
world  
stage**

ease of  
paying taxes  
**1ST EU // 6TH WORLD**  
efficiency of Customs  
Administration  
**2ND EU // 6TH WORLD**

### E-SERVICES



e-returns **5.3M**  
e-payments **€47B**  
paye anytime **532K**

***‘To serve the community by fairly  
and efficiently collecting taxes  
and duties and implementing  
Customs controls’***

#### **Annual Report 2015**

Ninety-Third Annual Report of the Revenue Commissioners for the year ended 31 December 2015, including progress on the implementation of Revenue’s Statement of Strategy, in accordance with the Public Service Management Act 1997, presented to the Minister for Finance.

**April 2016**

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## Revenue's Culture, Ethos and Values

We:

- Are a customer centric, compliance orientated tax and customs administration.
- Strive to deliver excellent service that facilitates voluntary compliance.
- Address significant risks and apply the law in a fair, even-handed and consistent manner.
- Presume honesty and show respect and courtesy.
- Secure and protect data and information and meet our confidentiality obligations.
- Acknowledge and learn from our mistakes and put things right.
- Use data, intelligence and risk analysis to identify, target and confront suspected non-compliance and minimise intrusion on compliant taxpayers.
- Innovate to simplify processes and improve our effectiveness and performance.
- Build partnerships and engage with stakeholders to support compliance.
- Value and support our people on whom we depend for success.
- Promote a culture of best practice in how we collect tax and duty.
- Act with integrity and professionalism supported by strong leadership, openness and accountability.



## Board's Review

2015 saw continued growth in the Irish economy with a strong trading performance supported by increasing domestic consumption and investment. The expanding economy and the resulting upswing in employment generated buoyant Exchequer returns, with almost all taxes and duties showing substantial year-on-year growth.

Overall net receipts amounted to €45.79 billion, up 10.6% on last year and 7.8% ahead of target. (This is the second highest figure for net receipts in the history of the State – only 2007 was higher, at €47.5 billion). Notable receipts in 2015 included: Corporation Tax up 49%, Capital Gains Tax up 28%, Customs Duty up 20%, and VAT up 7%.

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### Helping Customers to Comply

We work hard to make it easy for our customers to pay the right amount of taxes and duties at the right time. Through our 'service for compliance' approach we are providing more and more user friendly ways of doing business with us, increasingly through digital channels.

In support of this approach we began rolling out a comprehensive Customer Engagement Strategy in 2015. The Strategy contains a range of initiatives for improving the services we provide, with an emphasis on supporting voluntary compliance, increasing efficiency and simplifying things for our customers.

The first major outcome of the Strategy was the launch of a new 'myAccount' portal on our website. Through this portal, customers can access a wide range of digital services, including PAYE Anytime, Local Property Tax, the Home Renovation Incentive and others, using a single password. In less than four months of operation, myAccount was accessed over 450,000 times and in December it won a Civil Service Excellence and Innovation Award.

We introduced a secure online contact channel. MyEnquiries enables customers to send enquiries to, and receive replies from us confidentially and quickly instead of using unsecure email. In addition, MyEnquiries keeps track of submissions and responses and allows agents to make enquiries on behalf of their clients.

As more people transact more business online, we are providing the services and channels that enable our customers to meet their Revenue obligations at a time and on a device that suits them. Last year, almost 1.9 million payments amounting to €47.1 billion were made through the Revenue Online Service (ROS), up 11.2% on 2014 and 12% in value terms. The number of transactions through our PAYE anytime service increased by 16% to almost 748,000. Over 1.3 million Customs declarations were processed by our Automated Entry Processing system, 96% of which were cleared immediately.

Our focus on service for compliance is paying clear dividends. The overwhelming majority of our customers file and pay on time.

While our compliance rates are high, we are not complacent about them. We want to know what works well and what could work better and our customers can provide many of the answers. During 2015 we carried out the third in an ongoing series of taxpayer surveys to find out what PAYE taxpayers think about the services we provide, how they use them and how they might be improved. The survey showed an overall 91% approval rating so we are on the right track, but more can be done. The findings of the survey, together with insights learned from customer consultation panels which will meet in



2016, will help us to configure our services to meet the rapidly evolving expectations of an increasingly computer literate population.

## Debt Management

Many businesses and individuals are still experiencing financial hardship and have difficulties paying the right amount of tax at the right time. Our strategy is to offer limited debt rescheduling to viable businesses while at the same time pursuing enforcement action against those who simply refuse to comply. Our figures show that the number of phased payment requests is declining as the economy improves and is now down to almost 50% of the numbers at the peak of the economic downturn. We will continue supporting viable businesses and taxpayers in this manner providing there is early and open engagement with us.

During 2015, outstanding debt increased by 6.95% (€117 million) to €1,812 million. The debt available for collection decreased by 9.21% (€84 million) to €823 million.

## Confronting Non-Compliance

A minority of people choose not to comply with their tax and duty obligations and we have a range of intervention options to match every circumstance, from simple phone contact to criminal prosecution. We are getting better at identifying cases for intervention and can do so at an earlier stage. Our risk-assessment systems automatically detect and rank suspect cases and make this information available to caseworkers and auditors across the country. During 2015, we enhanced our ability to intervene early and decisively by growing our analytics capability through the recruitment of staff with expertise in this field. We are designing analytics into our intervention systems, enabling us to detect and address risk in real-time rather than retrospectively through audit.

In 2015, the yield from our audit and compliance interventions grew by 5.3% to €642.5 million. We carried out 6,612 audits yielding €327.9 million while 454,979 non-audit compliance interventions yielded €314.6 million. In addition to keeping a close eye on sectors where cash transactions predominate, we initiated or continued compliance projects focussing on medical consultants, service contractors and the construction sector.

Tax evasion features prominently on our non-compliance agenda. We use our powers to identify untaxed income and assets held abroad. This work yielded just over €60 million in 2015. Tax avoidance is another activity we are determined to address. During the year we settled 160 tax avoidance cases, netting €42 million for the Exchequer. A number of these cases were settled as part of the Qualifying Avoidance Disclosure scheme in operation until June 2015.

We devote considerable resources to tackling activity in the shadow economy. During 2015, we carried out a nationwide testing programme to detect the use of laundered fuel. Over 500 premises were visited and in excess of 1,000 samples taken. We also conducted a project to determine the extent of non-compliance in business sectors involved in the sale, distribution and use of mineral oil. To date, 76 audits have yielded €2.7 million and a number of cases are being considered for prosecution.

Drug and tobacco smuggling are crimes that require both national and international responses. We work closely with our law enforcement partners both at home and abroad to disrupt and deter these illegal activities. During 2015, we seized drugs and cigarettes valued at €23.1 million and €34.4 million respectively.

Prosecution in the Courts is a key part of our response to serious non-compliance. In 2015 we secured 28 criminal convictions for serious tax and duty evasion. At year-end 122 cases were in the investigation process and a further 48 cases were with the Director of Public Prosecutions or in the judicial system.

### Special Investigations/Offshore Assets

In 2015, we collected €63.6 million from 68 cases associated with the major 'legacy' investigations. To date, a total of €2,808 million has been collected from over 35,000 cases.

These 'legacy' investigations started with the 'Bogus Non-Resident Accounts' in 1999 and over the intervening 16 years Revenue has taken a proactive approach to tackling serious tax evasion effected through various offshore structures. We sought and obtained new information and enforcement powers through changes in Finance Acts informed by our investigations.

In 2015, Revenue provided the Public Accounts Committee with a full report on the conduct of a special investigation into suspected tax evasion by Irish resident holders of offshore accounts with HSBC Bank, Switzerland.

As we publish this Annual Report, much of the current media coverage concerns the Mossack Fonseca story – the 'Panama Papers.' We will take the same approach to the data released in the 'Panama Papers' as we have to all our Offshore Assets investigations.

Revenue's approach to tackling the use of offshore accounts for tax evasion set the model for much of the work undertaken by other tax administrations in this area. When we started to tackle the use of offshore structures for tax evasion the international climate was very different. Bank secrecy and lack of exchange of information between tax administrations was the norm. However, over the last ten years the international climate has been changing. 2016 and 2017 will see significant developments in the Automatic Exchange of Information. In 2015, we had our first exchange of information with the Internal Revenue Service in the US through the Foreign Account Tax Compliance Act (FATCA).

We will be carefully considering how to make the maximum use of our data sources, employing our enhanced analytical tools to identify possible cases of tax evasion using offshore structures. We are also examining the implications of these new data sources for the Audit Code of Practice.

### International Matters

Revenue's role involves more than collecting taxes and duties and implementing Customs controls. We assist the Department of Finance in the formulation of tax policy by supplying advice, policy options and costings and by recommending changes to the tax and duty codes that support compliance, reduce complexity and facilitate the move to e-services. We also support the implementation of Government policies and programmes by working closely with a wide range of Departments, agencies and other national forums.

Our international role includes extending the network of double taxation agreements and tax information exchange agreements. We contribute to the work of the European Union, the World Customs Organisation, the Intra-European Organisation of Tax Administrations, and the Organisation for Economic Cooperation and Development in the areas of policy formulation and legislative development to promote Ireland's interests abroad.

In particular during 2015, Revenue has continued to be actively engaged in the work on the OECD Base Erosion and Profit Shifting (BEPS) Project culminating in the publication of the final reports in October 2015 which have the aim of addressing the problem of double non-taxation and ensuring that the profits of multinational corporations are taxed where the real business activity takes place. Ireland has already introduced legislative changes in Finance Act 2015 in relation to some of the proposals from the BEPS Project. Revenue continues to engage in BEPS-related discussions at the EU on the proposed Anti-Tax Avoidance Package and has also been actively involved in other international initiatives to enhance tax transparency and the exchange of information between tax administrations.

## People and Capability

Revenue is a knowledge-based organisation. We need to have talented people in the right places so we can administer the tax and customs systems effectively and efficiently. In recent years Revenue, in common with other public service bodies, has experienced a considerable loss of experienced personnel and historical recruitment patterns mean that the number of annual retirements will spike dramatically before the end of the decade. We are well aware of the issue and have developed plans to build capability through recruitment, training and the innovative use of new technology.

In 2015 we recruited 407 staff, including specialists in analytics, transfer pricing, law, economics and IT. We will continue to recruit at an appropriate level to ensure that Revenue can operate to its full potential in the years ahead.

In addition to recruiting skilled people, we have in place a wide range of comprehensive training programmes designed to provide our staff with the skills and knowledge required to meet the needs of a modern, forward-looking Revenue administration.

Last year, we delivered 24,121 training days, including 8,414 audit and 5,574 customer service training days. We introduced a Continuous Personal and Professional Development programme to provide high quality training on specialist topics and continued our productive educational associations with the University of Limerick and the Irish Tax Institute.

## Looking Ahead

Maximising compliance remains our key objective. We do this by making taxes and duties easy to pay and hard to avoid. Through our Customer Engagement Strategy we are providing better services to more people by exploiting new technology and learning from our customers. Work is already underway on a major redesign of the Revenue website, our premier communications channel. In addition to making it more user-friendly and easier to navigate, we will be revising the content to ensure that it is clear, concise and tailored to customer needs.

Our investment in analytics is enabling us to 'get in front' of customer behaviour, to reliably predict where issues might arise and to intervene at an early stage, and increasingly in real time rather than after the event. These developments are making Revenue a more agile organisation, responsive to our customers and sharply focussed on non-compliance.

This approach feeds into the wider Public Sector Reform agenda and the drive to renew the vision and strategy of the Civil Service. We are committed to the reform process and will ensure that Revenue plays its full part in modernising and streamlining the services we provide to our customers and to the country.

The huge range of complex and often challenging activities detailed in this Report are carried out by our dedicated staff, public servants who routinely go beyond the call of duty to provide top class service to our customers. We say a sincere thank you to our colleagues for their hard work in 2015.



**Niall Cody**  
**Chairman**



**Liam Irwin**  
**Commissioner**



**Gerry Harrahill**  
**Commissioner**

## Main Results for 2015

### Collection

- Net receipts for 2015 were €45.79 billion, up 10.6% (€4.4 billion) on 2014 receipts. See **Table 2** on page 73. Collection was 7.8% ahead of target for the year.
- €9.9 billion was collected on behalf of other agencies (of which €8.86 billion was PRSI).

### Managing Debt

- Debt available for collection was €823 million, down €84 million (9.2%) on 2014. Debt available for collection as a percentage of gross receipts was 1.33%, down from 1.62% in 2014.
- At the end of 2015, approximately 8,500 taxpayers or businesses covering almost €96 million of tax debt had phased payment arrangements to enable them overcome significant cashflow problems.

### Supporting Voluntary Compliance

- Returns/payments compliance rates for business taxes maintained at very high levels.
- 97% compliance rate for Local Property Tax (LPT) 2015 achieved.
- 1,880,210 electronic payments made through ROS, up 11.2% on 2014. The value of those payments was €47.1 billion, up 12% on last year. The number of electronic returns increased by 6% to 5.3 million. See **Table 7** on page 75.
- Electronic repayments made to 664,257 customers, up 10.4% on 2014. The value of the repayments was €4.54 billion, an increase of 17% on last year. See **Table 7** on Page 75.
- 59% of business registration activity completed online.
- 1,311,269 customs declarations processed through our Automatic Entry Processing system, up almost 5% on last year. 96% of the declarations were cleared immediately.
- New Customer Engagement Strategy developed.
- A range of new electronic services and systems introduced: including a new Revenue Case Management System, a structured online contact facility that allows customers to securely correspond with Revenue (MyEnquiries), and electronic tax clearance.
- myAccount launched in September. It provides a single access point to our online services for non-ROS customers, mainly PAYE customers.
- Consistent opening hours (09.30 to 16.00) implemented across our main telephone services.
- Survey of PAYE taxpayers shows customer satisfaction with Revenue at 91%.
- 2.04 million 1890 phone calls answered. See **Table 9** on page 75.
- Our website was visited over 32 million times. See **Table 9** on page 75.
- A new Mini One-Stop Shop (MOSS) system for VAT was introduced. €504million was collected through the MOSS system on behalf of other tax administrations, of which €118 million was retained by Ireland.

### Confronting Non-Compliance

- €642.5 million collected from our compliance programme interventions. This included €327.9 million from 6,612 audits and €314.6 million from 454,979 non-audit compliance interventions. See **Table 15** on page 78. A further €63.64 million was collected from special investigations – see **Table 17** on page 78.
- 160 tax avoidance cases were settled resulting in a yield of €42 million, (including interest and penalties).
- 377 settlements were published. The settlements involved €35.8 million in tax, €18.1 million in interest and €23 million in penalties.

## Using Data, Technology and Analytics

- €1.6 million saved on foot of real time interventions in PAYE refund claims.
- €4.7 million in VAT saved using our Real Time Risk assessment technology.
- Social Network Analysis tool used to identify fraudulent VAT networks.

## Seizures

- 4,826 drug seizures made– see **Table 19** on page 79.
- 215,132 litres of illicit fuel seized – see **Table 20** on page 79.
- 67.9 million cigarettes and 2,364 kg of tobacco, valued at €34.41 million and €1.09 million respectively, seized – see **Table 20** on page 79.
- 45 seizures of cash amounting to €1.62 million.
- Cash forfeiture orders amounting to €1.15 million granted by the Circuit Court in 33 cases.
- 2,722 detentions of counterfeit goods with an estimated value of €5.45 million.
- 1,364 vehicles seized for a range of offences.

## Prosecutions/Penalties

- 28 criminal convictions obtained for serious tax and duty evasion - see **Table 21** on page 80.
- 1,303 convictions and fines amounting to €3.9 million secured in respect of a range of summary offences - see **Table 22** on page 80.
- In addition, 723 civil penalties together with fines amounting to €2.9 million secured in our non-filing programme - see **Table 23** on page 80.

## Playing Our Part Internationally

- 72 Double Taxation Agreements and 25 Tax Information Exchange Agreements were in place by end - 2015.
- 1,386 requests for mutual assistance received from other jurisdictions and 760 requests issued by Revenue to other jurisdictions. See **Table 24** on page 81.
- Completed bilateral negotiations with competent authorities in other jurisdictions to eliminate double taxation in 12 cases. See **Tables 25 and 26** on page 81.
- Participated in 17 OECD working groups to address Base Erosion and Profit Shifting (BEPS).
- The first exchange of financial account information between Ireland and the US under the Foreign Account Tax Compliance Act (FATCA) took place in September 2015. This will be an annual exchange between Revenue and the IRS with the next exchange in September 2016.

## Benchmark Performance

- Ireland maintained its ranking as the EU's easiest country in which to pay business taxes (and the sixth easiest in the world) according to the *PWC/World Bank Paying Taxes Report – 2016*.
- In respect of Customs, Ireland was rated as the eighth most efficient facilitator in the transit of goods in the World (*IMD World Competitive Yearbook 2015*). In addition, the *World Economic Forum Global Competitiveness Index for 2016* ranked Ireland as having the second lowest “Burden of Customs procedures” in the EU and the sixth lowest in the world. The World Bank report ‘Doing Business 2016’ rates Ireland 48th out of the 189 economies in terms of ‘Ease of doing business across borders’.



## Strategy 1 – Service for Compliance

Our objective is to make it easier and less costly for our customers to comply voluntarily.

Our priorities for 2015 were to collect the right taxes and duties at the right time, reduce outstanding debt and promote the use of digital and self-services.

Tax administration can operate most efficiently where there is a high level of voluntary compliance. During 2015, we launched a Customer Engagement Strategy to build on the already high levels of voluntary compliance achieved in recent years.

### Collection

Our core business is to assess, collect and manage the taxes and duties due to the Exchequer. **Table 1** and **Table 2** on page 73 show Gross and Net Receipts respectively. Collection in 2015 was €3,318 million (7.8%) above target and €4,402 million (10.6%) above the yield in 2014.

### Timely Compliance

In 2015, we maintained the already high levels of timely compliance achieved in recent years. See **Table 12** on page 77.

### Local Property Tax (LPT) Compliance

We achieved an LPT compliance rate of 97% for 2015 by providing a wide range of payment options and a responsive service to customers and by taking effective follow-up action against property owners who did not meet their obligations. As a first step, reminder letters issued to 324,000 property owners. Continued failure to comply resulted in further actions including, mandatory deductions from salaries and occupational pensions, the application of LPT surcharges, the refusal of Tax Clearance certification and the referral of cases to the Sheriff and Solicitor for collection. Mandatory deduction was initiated in 65,000 cases. In excess of 11,000 Income Tax surcharges and 100 Corporation Tax surcharges were applied and approximately 12,000 Tax Clearance applications were refused because of non-payment of LPT. Enforcement was initiated in 2,655 cases.

### Debt

The overall debt for 2015 was €1,812 million, up 6.95% (€117 million) on 2014. The debt available for collection decreased by 9.21% (€84 million) to €823 million.

Revenue wrote off €170 million of uncollectible tax, compared to €228 million in 2014, a reduction of 25.4%.



## Collection Enforcement

When a taxpayer refuses to engage with us in a meaningful way in respect of overdue tax we enforce collection. In 2015, we collected €204.6 million through enforcement, a 6.8% decrease on 2014.

The results of our collection enforcement programmes are shown in **Table 13** on page 77.

## Corporate and Personal Insolvency

Revenue initiated and supported corporate and personal insolvency action during 2015. See **Table 14** on Page 77.

We continue to work closely with the Office of the Director of Corporate Enforcement to support investigations into suspected breaches of company law, and with the Official Assignee in Bankruptcy Office in support of the bankruptcy process.

## Debt Settlement Arrangements and Personal Insolvency

The Personal Insolvency Act 2012 introduced three non-judicial arrangements to help insolvent individuals get their affairs in order. We are fully committed to active participation in the regime but our support is dependent on honest and open engagement by the parties involved.

At the end of 2015, we had received 222 formal requests to participate in personal insolvency arrangements. Of these, we agreed to participate in 114 cases, declined to participate in 88 cases due to insufficient or conflicting information being provided, 15 cases were withdrawn by taxpayers or their representatives and we are actively considering the remaining 5 cases.

## Supporting Businesses with Cash Flow Challenges

Throughout 2015, we continued to assist viable businesses and taxpayers with temporary cash-flow difficulties to meet their tax payment obligations. We facilitated approximately 8,500 phased payment arrangements to the value of €96 million.

The number of phased payment requests continues to decline as the economy improves and is now down to almost 50% of the numbers at the peak of the economic downturn.

We will continue supporting viable businesses and taxpayers in this manner providing there is early and open engagement with us.

## Engaging with our Customers

During 2015 we developed a Customer Engagement Strategy. The strategy outlines a range of initiatives for further improvements in customer service, with an emphasis on supporting voluntary compliance, improving efficiency and enhancing the customer experience. See **Feature Article** on Page 20.

In June, 'MyEnquiries' was made available. It is a secure online contact facility that enables customers to send enquiries to and receive replies from Revenue instead of using unsecure email. The facility allows

customers to keep a record of all enquiries and responses. Agents can also submit enquiries on behalf of their clients.

In September we introduced 'myAccount', a new portal through which customers can access a suite of online Revenue services, including PAYE Anytime, Local Property Tax, the Home Renovation Incentive, eForm 12 (electronic tax return for PAYE customers), MyEnquiries and eTax Clearance. See **Feature Article** on Page 21.

### **New Customer Service Standards**

Our Customer Service Standards were updated to include new online standards. Some changes were made to the Tax Clearance standards to reflect the introduction of eTax Clearance. All other service standards are unchanged.

The updated standards are effective from 1 January 2016 and reflect the fact that online and self-service are our preferred channel and are the quickest, easiest and most convenient way for customers to do business with us.

### **New Services**

#### **VAT Mini One-Stop Shop (MOSS)**

The VAT Mini One Stop Shop (MOSS) is an optional scheme, in place since 1 January 2015, that allows businesses supplying telecommunications, broadcasting or e-services to consumers in Member States in which they do not have an establishment to account for the VAT due on those supplies via a web-portal in one Member State.

Take up of the MOSS scheme in Ireland was high, following a successful communications campaign by us to market it to both the indigenous and foreign owned sectors. Over 360 businesses registered for MOSS, including 146 businesses that are not established in the EU, and registrations continue to rise as businesses take advantage of administrative savings offered by the MOSS scheme. €118 million in additional VAT was collected for the Irish Exchequer from the retention of a portion of the VAT collected on behalf of other Member States

#### **eTax Clearance**

In December 2015 Revenue launched its eTax Clearance (eTC) system to replace the paper based model. eTC provides taxpayers with on-line tax clearance based on real-time tax return and payment information.

Where a customer does not qualify for tax clearance, the system confirms the action required of the taxpayer in terms of filing or making outstanding returns and/or payments.

eTC means that taxpayers no longer need to provide a paper certificate to confirm tax clearance to a third party. Tax clearance can now be verified by simply supplying the 'Tax Clearance Access Number' and PPSN to the relevant third party. eTC facilitates third parties in rapidly verifying multiple tax clearance checks through bulk processing and automatic data feeds.

## eForm 12

The eForm 12 is an online version of the Form 12, the annual return of income completed by a person whose main income derives from a PAYE source.

The eForm 12 is easier and quicker to complete than the 16 page paper version. It includes pre-population of certain taxpayer information from Revenue records to assist customers in completing the return. The design of the eForm 12 also helps customers to complete only the sections of the Form relevant to them.

The eForm 12 is available in respect of the tax years 2013, 2014 and 2015. The efilng rate for the 2013 return was 61%, which increased to 73% for the 2014 return.

The 2015 eForm 12 is available since January 2016 and 95% of the 25,000 returns filed to end-march 2016 were filed online. The high efilng rate shows that customers are happy to use convenient, quick and easily accessible online options.

Year	Total	Paper Form 12	%	eForm12	%
2013	89,940	35,229	39.17%	54,711	60.83%
2014	71,398	19,139	26.81%	52,259	73.19%
2015 (to 30/3/16)	25,340	1,067	4.21%	24,273	95.79%

## Pre-Populating Tax Returns

In 2015, we built on the progress already made as regards population of certain data on returns with the addition of Relevant Contracts Tax (RCT) data in the Form 11 where a tax return was filed in the previous year.

Details which are prepopulated include:

- gross payments received ,
- any RCT credit already refunded or already offset against another tax (e.g. VAT) or against another income tax year,
- the amount of RCT credit available for offset against the current year's preliminary tax liability.

The CT1 2016 will also include pre-populated RCT information.

The continuing development of pre-population makes it easier for taxpayers to complete their tax returns, speeds up the time it takes to file a return and reduces compliance costs. Making data such as the P35 employer information or RCT credit information available to taxpayers reduces the need for taxpayers or their agents to contact Revenue to get this information.

## **Electronic Filing of Financial Statements**

During 2015, Revenue adapted its corporation Tax return, Form CT1, to make it easier for companies to determine if they are mandated to file financial statements in electronic format. Work on integrating electronic financial data into Revenue's risk systems progressed.

## **Call Centre Operations**

In 2015, we reorganised our call centre operation in the Collector General's Division for better caller segmentation to improve the service to customers and agents. Further segmentation of direct debit and e-tax clearance calls will be implemented in 2016.

## **Reform of the Tax Appeals Process**

The Finance (Tax Appeals) Act 2015 was enacted in December 2015. It was subject to a Commencement Order by the Minister for Finance in March 2016. The Act reforms the current tax and duty appeals process and underpins a process that will be more independent, transparent and efficient.

Revenue was actively involved in the consultation process that preceded the Act, making a submission to the public consultation on reform conducted by the Department of Finance. Along with officials from the Department of Finance and other stakeholders, Revenue appeared before the Oireachtas Select Sub-Committee on Finance as part of the Committee's pre-legislative scrutiny of the draft Heads of Bill. The key features of the reformed appeals process include:

- the establishment and staffing of a new independent body, the 'Tax Appeals Commission',
- transparent selection and appointment procedures for Appeal Commissioners,
- the possibility of public hearings before the Appeal Commissioners where a taxpayer chooses this option,
- the submission of appeals directly to the Tax Appeals Commission instead of through Revenue as currently happens,
- ending a taxpayer's right to a rehearing of the appeal by a Judge of the Circuit Court where the taxpayer is dissatisfied with the determination made by the Appeal Commissioners,
- streamlining the process of appealing against a determination of the Appeal Commissioners to the High Court on a point of law, and
- publication of each determination made by the Appeal Commissioners.

## Feature Article

### Engaging Customers to Support Compliance: Strategy 2015-2017

In 2015, Revenue developed a new Customer Engagement Strategy. The strategy takes on board the ever-changing environment in which both Revenue and our customers operate. We want to continue to provide a high quality, efficient, value for money service. The Strategy sets out our vision of how we will do this.

It is designed to further support timely voluntary compliance and reduce the need for customers to make unnecessary contact with Revenue by:

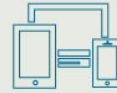
- Expanding and enhancing online and self service facilities available to customers,
- Further improving access to and take up of online services,
- Providing an efficient phone service,
- Providing tailored services that assist customers to get it right and reduce errors,
- Reducing the administrative burden,
- Developing staff to meet the challenge of working in a primarily digital environment, and
- Helping to achieve customer service and trade facilitation standards.

Key elements of the Strategy delivered in 2015 include:

- A review of our opening hours to ensure predictability and consistency for all of our customers,
- The launch of myAccount, which provides our non-ROS customers with a single access point for all their secure online services such as PAYE Anytime, Local Property Tax, Home Renovation Initiative, etc.,
- A review of our PAYE 1890 phone service to facilitate consistency of achievement of our Customer Service Standards,
- A revision of our Customer Service Standards to incorporate our online services,
- The launch of myEnquiries, which is a structured online contact facility that allows customers to securely send and receive correspondence to and from Revenue instead of using email,
- The introduction of an online tax clearance system (eTax Clearance),
- Provision of appointment services in certain public offices.

The transformation of service delivery under the Customer Engagement Strategy will improve the service provided to our customers and lead to greater efficiencies for Revenue.

#### Engaging Customers TO SUPPORT COMPLIANCE: STRATEGY 2015-2017



Improving access to  
online services



Providing an efficient  
phone service



Providing increased value  
for money and reduced  
costs

## Feature Article

### myAccount – Simplifying Access to our Online Services

A key strategic priority for Revenue is to make it easier and less costly for taxpayers to voluntarily comply with their tax and duty obligations. In that regard, we introduced a new online service called myAccount in September 2015 aimed mainly at our 2.4 million PAYE and Local Property Tax (LPT) customers.

With the introduction of this service, PAYE customers can now access all of Revenue's relevant online services such as PAYE Anytime, LPT, Home Renovation Incentive, MyEnquiries and eTax Clearance using a single login name and password.

The main objectives of this single secure access point are to:


- Increase the level of usage of our online services through an intuitive, user-friendly access point,
- Significantly improve the registration process for our online services with the provision of instant passwords via text or email where it is possible to validate a person's identity in real-time, and
- Provide real-time retrieval of a forgotten password.

Meeting the needs of our customers while providing a secure, reliable service is a key underpinning of the myAccount service.


Through the use of Government data to verify a customer's identity in real-time, many customers can now retrieve their password immediately by text or email. As additional data becomes available to Revenue, more customers will be able to register and access myAccount instantly. All existing PAYE Anytime customers were migrated to myAccount and can automatically access it using their PAYE Anytime PIN.

myAccount is a responsive, intuitive service allowing customers to interact with Revenue on a device of their choice at a time that is convenient for them. Future online services will also be accessible through myAccount.


**myAccount**  
SIMPLIFYING ACCESS TO OUR ONLINE SERVICES



Aimed mainly at our  
**2.4M**  
PAYE & LPT Customers



Improved registration  
instant passwords via text or email



Real-time retrieval of a forgotten  
password



myAccount won an Excellence in Public Service award at the inaugural Civil Service Excellence and Innovation Awards in December 2015. The photograph shows (L-R): Gerry Gilgan (Revenue); Brendan Howlin TD, Minister for Public Expenditure and Reform; An Taoiseach, Enda Kenny TD; Robert Watt (Secretary General Department of Public Expenditure and Reform), Kathleen Redmond (Revenue); and Conor McDonough (Revenue).



## Feature Article

### Trade Facilitation

Revenue is a customer focussed, compliance orientated tax and customs administration striving to consistently deliver high quality services. In that regard we provide digital services, build partnerships and engage with stakeholders to support voluntary compliance.

In 2014, customers of the Port of Cork Company (POCC) were experiencing difficulties with traffic congestion and delays in picking up goods from the container terminal in Tivoli. POCC undertook a review of its business processes and noted that a considerable number of hauliers had to physically collect a paper customs clearance document from the Customs agent, join a lengthy queue and present it to the gate operator in Tivoli.



The customs clearance document then had to be matched against the appropriate container before goods could be released. Any issues of doubt had to be referred to the Customs station. POCC engaged with us to establish if the business processes could be improved for the benefits of the port users and Revenue.

Fast forward to 2016 and Revenue and POCC have just completed the first full year of operation of the electronic system which allows for the simple, quick and secure transfer of clearance information on non-European Community container goods. The electronic transfer of this information has resulted in some 30,000 containers, with a goods value of some €3.3 billion, being moved much more efficiently through the Port. It has also facilitated the earlier notification of customs clearance, a dramatic reduction in paper handling and processing, and a significant improvement in validation and data quality control.

This joint initiative has had a tangible commercial benefit to hauliers collecting goods at the terminal, with reduced congestion and delays and quicker turnaround times. For importers, business is facilitated by goods arriving earlier in factories and stores.

In summary, the Revenue Online System's authorisation and authentication protocols provide for the real-time transfer of clearance information on containers arriving into the port without the necessity for human intervention. The increased timeliness and accuracy of the data has freed up resources for Revenue to target areas of greater risk thereby promoting the free movement of legitimate traffic.

Revenue continues to cooperate with the POCC as they plan a €100 million redevelopment of Ringaskiddy Port and the phased transfer of cargo handling activities from Tivoli and City Quays. Following its successful implementation in Cork, Dublin Freight Terminal commenced a similar pilot with Revenue in September 2015 and it is expected to be rolled out to the remaining terminals in Dublin in 2016.



## Feature Article

### PAYE Customer Survey

Revenue values the views of our customers. Understanding taxpayer attitudes to Revenue and to taxation presents an important insight into compliance behaviour and into customer contacts with us. For these reasons, Revenue has conducted a series of customer surveys over the last decade, the most recent being the third survey of PAYE taxpayers conducted in 2015 (following earlier surveys of PAYE taxpayers in 2007 and 2010).

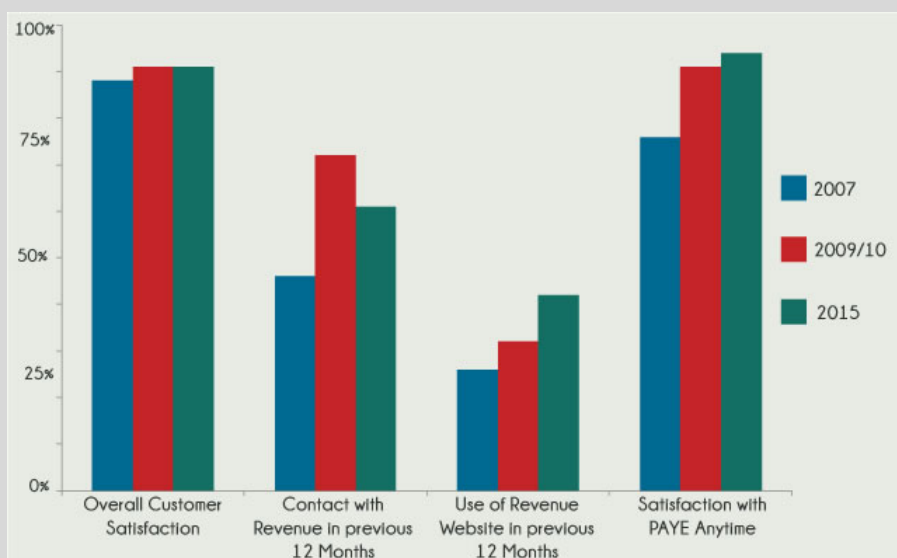
The survey was conducted between September and October 2015. Over 5,000 survey forms were issued to a random sample of PAYE taxpayers. The overall response rate was 26%, a strong response rate for this type of survey and sizeable enough to allow statistically robust analysis of responses.

The responses show that 68% agree or strongly agree that they are satisfied with the service they receive from Revenue, while 23% somewhat agree that they are satisfied, indicating an overall satisfaction rate of 91%. This level of satisfaction is unchanged from the previous PAYE survey conducted in 2010.

Other key findings include:

- Over 85% of survey respondents believe that Revenue carries out the administration of the tax system fairly.
- Claiming tax credits and reliefs are the most common reason for contacting Revenue.
- 23% of respondents reported using PAYE Anytime in the past 12 months, and the main reason for doing so being to view tax records.
- The most frequent contact with Revenue was by telephone, with over 30% of respondents using telephone contact between 2 and 3 times in the past year.
- Online is the most preferred method of contact, followed by telephone.

The chart below summarises some key results compared to the earlier surveys.



A report detailing the survey results in full is available on the Revenue website. The survey will further assist Revenue in delivering customer service so as to make it as easy as possible for taxpayers to be compliant.

## Strategy 2 – Confront non-compliance

**Our objective is to identify and effectively confront non-compliance**

### Audit and Compliance Interventions

Most of our compliance resources are concentrated on the riskiest cases, which are selected for intervention based on the presence of various risk indicators. We also target particular business sectors for more broadly based interventions. We aim to maximise tax recoveries from the non-compliant and minimise the administrative burden placed on compliant customers.

The overall yield from audit and compliance intervention activity increased by 5.26%, from €610.4 million in 2014 to €642.5 million in 2015. The yield from non-audit compliance interventions increased by 15.8% to €314.6 million (of which €9.9 million was sent for enforcement). 6,612 audits were completed in 2015 yielding €327.9 million (of which €43.1 million was sent for enforcement). There was proven inability to pay in respect of €20.5 million (not included in above figures). See **Table 15** on page 78.

**Table 18** on page 79 shows the results from a selection of audit and other risk interventions across a range of sectors which represent cash economy risks.

Our Large Cases Division (LCD) is our Centre of Excellence to develop capability and expertise for Computer Audit (e-audit) in Revenue. Staff are trained to detect sales suppression and in the use of digital auditing techniques. 43% of LCD audits, yielding €7.8 million in tax, interest and penalties in 2015 were e-audits. 16% of audits nationally were computer audits and yielded €64.1 million.

During 2015 we reviewed our compliance management of large businesses and high wealth individuals and, as a result, increased the resources assigned to this function.

### National Contractors Project

The National Contractors Project was launched across all four Revenue Regions in July 2013. It identified and tackled excessive deductions without the application of tax made from contractors' turnover in certain sectors. To the end of 2015, 1,246 cases have been finalised, with over €18 million generated in yield (tax €11.6m; interest €3.27m; penalties €3.24m), with 41 cases published. The project is now winding-down, with residual cases to be finalised in 2016.

### Medical Consultants Project

In 2015, Revenue had a total of 360 open compliance interventions on Medical Consultants and their controlled companies of which 170 were closed during 2015. These interventions resulted in tax settlements of just over €23 million (tax €11.9 million; interest €1.9 million; penalties €1.3 million; losses relating to goodwill not drawn down amounted to €8 million). A total of 15 cases were included in the Lists of Tax Defaulters published during the course of 2015.

Since the programme began, a total of 639 compliance interventions have been opened in this sector. Results in 2015 exceed those in 2014, both by number of interventions and in total yield. Total yield is up €7million and compliance interventions closed increased by 51 interventions. Revenue continues to open compliance interventions in the medical consultants sector and expects to conclude further significant settlements during the course of 2016.

## Construction Project

In view of the increased activity in the construction sector, a sector specific compliance programme was initiated in 2015 with particular attention being paid to:

- The correct operation of RCT by principal contractors.
- The correct operation of PAYE, specifically misclassification of employees, by employers.
- The correct operation of VAT, specifically the VAT Reverse Charge, by contractors in the sector.
- The accuracy of tax returns made to Revenue.

Site visits (announced and unannounced) are a feature of the programme in detecting, disrupting and deterring non-compliance.

In 2015, 763 audits were carried out on the sector with a yield of €30 million (€29,973,678). Other Revenue interventions secured a further additional yield of €21 million (€20,769,419). See **Feature Article** on Page 26.

## Challenging Tax Avoidance Schemes

In the course of 2015 Revenue settled 160 tax avoidance cases with a yield of €42million (including interest and penalties).

Throughout 2015, Revenue placed a significant focus on progressing existing appeals. Hearing dates were arranged for a large volume of cases resulting in extensive settlement negotiations. Overall, 131 individual cases (224 appeals) were settled in 2015. 7 appeals related to general anti-avoidance legislation (GAAR) challenges, 51 appeals related to targeted anti-avoidance legislation (TAAR) challenges, and 165 were other avoidance appeals.

Another feature of activity in 2015 was the avoidance settlement opportunity introduced by the Finance Act, 2014, the details of which are covered in the **Feature Article** on Qualifying Avoidance Disclosure on Page 28.

At the end of 2015 the following cases were being actively managed:

- 452 cases under the general anti-avoidance legislation covering a potential €168 million in tax.
- 593 cases where Revenue is tackling avoidance using the normal tax code covering potential tax of €131 million.

## Feature Article

### The Construction Sector

The construction sector in Ireland went through a period of substantial growth in the late nineties to around 2007, when it peaked at close to €39 billion or almost 25% of GNP. The sector experienced a severe and sustained downturn in the years up to 2012, after which time the decline stabilised. The most recent years have shown an increase in output in the sector. In 2015, the construction sector represented an estimated 7.5% of GNP (€12.5 billion).

The introduction of the electronic Relevant Contracts Tax system (eRCT) in 2012 ( see below) has allowed us to track in real time developments in the sector, as contractors are required to notify Revenue of construction contracts entered into and relevant payments made under these contracts, essentially as they arise.

Data from the eRCT system show that, in the period between 2012 and 2015, the value of:

- Payment notifications from principals to subcontractors increased by 74% (€6.8bn to €11.8bn).
- Contracts notified by principals increased by 56% (€21.1bn to €33.1bn).

While Revenue has always had a strong focus on the construction sector, since 2007 we have strived to ensure that tax compliance is maintained in the industry. Several initiatives were introduced with a view to improving compliance while at the same time reducing the administrative burden on the sector. Contractors who may have been experiencing financial problems were encouraged to engage with Revenue at an early stage to avoid running up unmanageable tax debts.

In 2008, the VAT Reverse Charge mechanism was extended to construction services. This had the effect of moving VAT liabilities up the chain to a smaller number of principal contractors whose compliance could be managed more effectively.

Relevant Contracts Tax is a withholding tax that operates mainly in the construction sector. It allows for tax to be withheld from payments to subcontractors and this tax is then set against the tax liabilities of the subcontractor. Up to 2011 the tax was administered through a paper based system, with over one million pieces of paper being generated annually. In 2012, RCT was moved to an electronic, online system that removed most of the paper from the system. This reduced the administrative burden on construction contractors while at the same time giving Revenue access to real time information on the sector. This information greatly reduces the opportunity for fraud and feeds into Revenue's risk analysis systems, facilitating the early identification of tax at risk.

A further initiative was introduced by the Minister for Finance in 2013 when the Home Renovation Incentive came into effect. This tax measure has the twin objectives of incentivising homeowners to use tax compliant contractors when renovating or improving their homes and encouraging contractors who may have been operating in the shadow economy to regularise their tax affairs. To the end of 2015, 7,531 contractors had carried out works on 35,722 properties. The estimated value of these works is over €810m. Ctd...

### Construction Sector

#### DEVELOPMENTS IN 2015 INCLUDED:



Yield from audit and other interventions in 2015

**€51m**



Value of Payment Notifications  
2012 vs 2015

UP  
74%



Home Renovation Incentive  
Value of work to end 2015

**€810m**

During 2015, in response to the upturn in the industry, Revenue set up a national programme to monitor risk in the construction sector. The programme is centrally controlled and co-ordinated, with each Revenue Region having a senior manager with specific responsibility for 'minding the risks' in construction for their Region. Full use is made of Revenue's suite of compliance interventions, ranging from aspect queries to address specific risks to full audits or investigations to tackle more complex non-compliance. As the recovery has strengthened, visits to construction sites are a regular feature of Revenue's compliance activity. This work is usually conducted using Revenue's Joint Investigation Units (JIU) who work in tandem with other State agencies, particularly the Department of Social Protection. In 2015, JIU teams carried out 610 site visits.

As part of our strategy to manage compliance in the sector, Revenue is engaging with stakeholders to inform them of their obligations. We have published guidance on our website and organised presentations to industry groups. We closely monitor emerging trends and tailor our compliance programme accordingly. Issues being tackled include:

- adherence to the requirements of the eRCT system,
- ensuring PAYE/PRSI is operated when an employee is engaged,
- correct operation of the VAT Reverse-charge system,
- investigation of the use of bogus invoices,
- unrecorded payments and 'missing traders' to evade tax.

In 2015, 763 Revenue audits were carried out on the sector with a yield of approximately €30 million. Other Revenue interventions secured a further additional yield of approximately €21 million.

## Feature Article

### Qualifying Avoidance Disclosure (QAD)

The Finance Act 2014 introduced a settlement opportunity in respect of the disclosure of any tax avoidance transaction entered into on or before 23 October 2014. The deadline date for disclosure was 30 June 2015.

The types of transactions that qualified were:

- Tax avoidance transactions within the meaning of the General Anti Avoidance Rule, that is, transactions where a nominated officer of the Revenue Commissioners formed an opinion under Section 811 Taxes Consolidation Act 1997 that tax was being avoided,
- Transactions that, had the Revenue Commissioners formed an opinion under Section 811 TCA 1997, would have led to a liability to tax under that section, and
- VAT avoidance transactions that were being challenged or could be challenged by Revenue under the 'Abuse of Rights' principle that derives from EU law principles.

Where a taxpayer made a QAD:

- The interest that would otherwise be payable was reduced by 20%,
- The 10% or 20 % surcharge that would have been payable under Section 811A TCA 1997 did not apply, and
- No penalty applied if Revenue accepted that a disclosure was a QAD that related to a tax avoidance transaction.

The categories of avoidance disclosures made under the QAD involved:

- Cash extraction schemes – exchanging share rights and value shifting,
- Creation of artificial trading losses,
- Creation of interest relief where individuals borrowed at inflated rates,
- Creation of capital losses,
- Offshore trust cases – power to enjoy,
- Creation of income tax losses, and
- Low level of previously unknown avoidance cases.

In total, 137 disclosures were made and yielded approximately €43 million. A small number of cases are still under review to determine if they meet the criteria to avail of the QAD.

## Challenging Offshore Evasion

Arising from information obtained on foot of High Court Orders, Revenue continues to use its extensive powers to tackle offshore tax evasion. The exchange of information through Mutual Assistance and Tax information Exchange Agreements, together with powers to request information from financial institutions and third parties, greatly enhance our capacity to identify untaxed income and assets and help reduce the opportunities to evade tax through the use of offshore accounts and structures. During 2015 the yield from offshore assets and trusts was €60.39 million. This consisted of €43.83 million in tax and €16.56 million in interest and penalties. There were 16 cases published in the defaulters lists in 2015 regarding settlements involving offshore evasion.

## VAT Fraud

Many VAT frauds involve the supply of zero rated goods and services between EU Member States. Combatting VAT fraud is best achieved through a combination of information-sharing at a national and international level, implementing best practice through co-ordinated activities, and by monitoring emerging fraud trends. Revenue is increasing its effectiveness in this field through greater engagement with a number of international agencies and forums in the fight against VAT fraud including:

- EUROFISC and FISCALIS - EU forums working in this area,
- The International Organisation of Tax Administrations (IOTA) – for sharing of best practice, and
- Bi-lateral exchanges and co-operation with Member states, in particular with Her Majesty's Revenue and Customs (HMRC) on cross border fraudulent VAT activities.

Early detection is essential, and leading edge technology is applied to available data sources, primarily the Revenue data warehouse, to identify suspicious trading activities and emerging trends. Prompt detection and cancellation of the VAT registration enables fraudulent activity to be disrupted and for potential losses to the Exchequer to be minimised.

Suspicious trading activity can also be identified in cases where a VAT number has been 'hijacked' and used to acquire goods from another Member State at 0% VAT, without the knowledge of the legitimate trader.

In tandem with an improving capability in the detection of frauds, we continue to strengthen our capacity to prevent such frauds. Increased controls at VAT registration stage and early warning systems will further limit VAT fraudulent activity in the future.

In 2015, evidence of VAT fraud was detected through the abuse of the margin scheme in the sale of used cars brought in from the UK. To date the project has yielded in excess of €10 million with eight publications and VAT registrations for fifty one missing traders cancelled. There is one prosecution pending.

Similarly, VAT frauds were identified in the supply of soft drinks, tyres, confectionary, cosmetics and household goods, to name but a few. Among other achievements in 2015, a number of VAT fraudulent network were disrupted, primarily in close co-operation with HMRC. This resulted in up to sixteen VAT registrations cancelled both here and in the UK in one fraudulent network alone. Most of the cancelled VAT registrations were for 'missing traders'. A number of joint investigations are continuing while the potential for even greater co-operation in the disruption of cross-border VAT frauds is also under discussion.



In January 2015, an individual pleaded guilty to 5 sample charges in relation to VAT, namely; the production of incorrect invoices, the delivery of an incorrect VAT return, and claiming a VAT repayment (to which he was not entitled). The total amount of VAT evaded came to €654,000. He was sentenced to three and a half years custodial sentence for each offence, to run concurrently but with the final year of each of the sentences suspended.

## **Special Investigations**

€63.6 million was collected from 68 cases associated with the major 'legacy' investigation projects in 2015. To date, a total of €2,808.17 million has been collected from 35,356 cases. Details of the yields from the various investigations are given in **Table 17** on page 78.

In 2015, Revenue provided the Public Accounts Committee with a full account of the conduct of a special investigation into suspected tax evasion by Irish resident holders of offshore accounts with the HSBC Bank, Switzerland. We also provided details of the outcome of civil and criminal investigations into taxpayers identified as having compliance issues associated with the operation of these accounts.

Yield from these investigations has amounted to €4,681,813.00 approximately, incorporating recovery of €1,864,265.00 in relation to tax, with associated interest and penalties of €1,974,850.00 and €842,698.00, respectively. A further amount of €100,000 has also been received, as a payment on account, in relation to a case that is under appeal.

In addition to pursuing taxes owed, criminal proceedings were brought in three cases where there was sufficient evidence to prosecute identified tax offences. Convictions have been secured in each of these cases, resulting in the imposition of fines ranging from €4,000 to €25,000. In one further case, which was investigated with a view to prosecution, it has been judged that the evidence available is insufficient to proceed to prosecution.

## **Suspicious Transactions**

During 2015, Revenue received 21,358 Suspicious Transaction Reports (STR) from financial institutions and other designated bodies. Some of these reports have resulted in recoveries of tax and penalties that might not otherwise have been made. In 2015, the yield from cases involving such a report was €10,021,963.

During 2015, Revenue continued to engage with the financial sector at a number of events, notably the STR Forum in Dublin Castle on 31 March. This event was hosted by Revenue and brought together An Garda Síochána, The Central Bank of Ireland, The Department of Finance and Her Majesty's Revenue and Customs at one platform to speak on issues concerning STR's.

## **Own Resources**

Traditional Own Resources (mainly Customs duties on imports from outside the EU and sugar levies) are derived from customs and agricultural duties (these include common customs tariff duty, anti-dumping duty and countervailing duty, which Revenue administers on behalf of the EU). Revenue continued to tackle evasion and circumvention of EU Traditional Own Resources, in conjunction with the EU Anti-Fraud Office (OLAF). During 2015, we opened 27 Own Resources investigation cases in conjunction with OLAF and identified underpayments amounting to €0.22 million.

## Reporting Tax Evasion

Details of shadow economy activity can be reported to Revenue through our on-line Tax Evasion Reporting Form. Information that identifies both the tax evader and the way in which the evasion is carried on is particularly helpful in our efforts to tackle this problem. The on-line Reporting Form is used by the public to provide information to Revenue on potential shadow economy activities.

Tax evasion and shadow economy activity can also be reported by way of letter or telephone call to a Revenue office. In particular, persons can report drug smuggling and the importation and sale of illegal cigarettes by using the Confidential Freephone Number: 1800 295 295.

### Feature article

#### Analytics

Analytics is the practice of applying statistical techniques to help us understand our data and use it to make better decisions. In Revenue, analytics is used to identify cases for audit, to forecast measures such as debt available for collection, and to evaluate and enhance the impact of our actions and interventions.

Analytic methods have been used in Revenue since 2011, but last year saw a re-doubling of our efforts in this area. Specifically, in 2015 we:

- Set up a Senior Management Group to prioritise and oversee all analytics work in Revenue;
- Appointed a Chief Analytics Officer to manage and direct our analytics activities;
- Established an Analytics Technical Services team to provide the IT infrastructure to support analytics projects;
- Chaired the OECD 'Advanced Analytics' work programme, which seeks to document the analytics activities of OECD tax administrations and identify best practices in the implementation of analytic solutions.

To ensure that analytics has a real impact on operational performance, we are taking an integrated approach, combining analytical, IT, and operational expertise to create products that are statistically robust, technically sound and, above all, practically useful.

Ultimately, analytics is about getting more out of our resources, whether by building models to prioritise caseworkers' time more effectively, or by using data to identify the most efficient interventions, treatments, and programmes. Our ongoing investment in analytics leaves us well placed to reap these benefits in the coming years.

#### Advanced Analytics

##### DEVELOPMENTS IN 2015 INCLUDED:



Senior Management group to oversee all analytics work



Analytics Technical Services team to provide the IT infrastructure



Chief Analytics Officer to manage and direct our analytics activities

## Social Network Analysis

Our Social Network Analysis (SNA) system identifies links between businesses and people. It is particularly useful in uncovering systematic VAT fraud. In 2015, we used SNA to identify 54 high risk VAT networks/businesses which were referred for audit/investigation. Six cases were closed with yield/assessments of over €0.6 million, with a further three cases having their VAT registration cancelled. Three cases are under formal investigation with a view to prosecution and three cases were found to be low risk. The remaining cases are still under audit/investigation.

Successful outcomes in these complex cases include the collection of audit yield and the identification of cases suitable for prosecution. They also include disrupting the capacity of businesses and people to engage in fraudulent VAT transactions, preventing further losses to the Exchequer.

## Identifying Non-Filers

As part of our compliance management approach, Revenue has enhanced our targeting of Income Tax and Corporation Tax non-filer cases. This approach draws on a variety of data sources, including 3<sup>rd</sup> party information, to identify those cases that are showing evidence of commercial activity for follow-up action and possible prosecution. It enables us to focus our time and attention on the cases with the highest risk of non-compliance and avoid investing time and resources where a business has not been actively trading. See **Table 22** on page 80.

## eCommerce Risks

In the course of 2015, Revenue carried out a review of the risks arising from new eCommerce business models, including peer-to-peer services. The review identified a number of risks which warrant some adjustment to our screening and risk assessment practices and these are being implemented in 2016.

## Working with our Partners

Revenue and the Department of Social Protection (DSP) have long had a close working relationship and this relationship is overseen by a High Level Group consisting of senior management of both organisations. A main purpose of this Group is to deepen the strategic and operational interaction between the two organisations including ongoing collaboration and communication on relevant matters.

During 2015 Revenue and DSP collected weekly Local Property Tax payments on behalf of almost 27,000 property owners. The collection system was supported via a 'joined up' electronic platform at no cost to the property owners.

Revenue also works in partnership with the Department of Agriculture Food and Marine (DAFM) and the Food Safety Authority of Ireland (FSAI) for the purpose of effectively upholding the Geographical Indication Scheme for Irish Whiskey and Irish Poteen. This scheme ensures that only products genuinely originating in a country are allowed to be identified as such for commercial purposes.

Revenue continues to work at a national level with An Garda Síochána and the Naval Service and at international level with our law enforcement partners in the fight against illicit drugs. We also play a key role in enforcing a range of prohibitions, restrictions and product safety regimes on behalf of other State Agencies.

## Feature Article

### Fuel Fraud

Over the last number of years Revenue have successfully implemented a wide-ranging strategy to tackle the problem of fuel fraud, particularly fuel laundering. This illegal activity involves removing the chemical marker from marked gas oil (which attracts a low rate of Excise Duty) and selling the resulting 'laundered' fuel as road diesel (which attracts a higher rate of Excise Duty). Our strategy included a strengthening of the mineral oil licensing regime, incorporating an additional licence for traders who deal in marked gas oil, strict licensing conditions attaching to all mineral oil licences, and an innovative system of supply chain monitoring based on monthly electronic returns of oil transactions submitted by all licensed traders. These returns enable Revenue to identify and investigate suspicious or anomalous transactions and patterns of fuel distribution.

This range of anti-fuel fraud measures was supported by a 'Reckless Trading' provision introduced in the Finance (No. 2) Act 2013 and more robust licensing arrangements introduced in the Finance Act 2014. These have further strengthened Revenue's hand in dealing with traders involved in illicit fuel.

In the context of the Reckless Trading provisions, Revenue continued to engage with the various industry associations in the oils sector to confine the supply of marked fuels to only those oil traders and end-users who can demonstrate a legitimate requirement for such product. Revenue also worked with the Irish Petroleum Industry Association, the representative body of those companies in Ireland engaged in the importation, distribution and marketing of oil products, to develop an industry-wide Code of Business Conduct which was finalised early in 2016.

#### **New Fuel Marker (Accutrace S10™)**

The latest initiative in Revenue's strategy in this area saw the introduction of a new fuel marker in April 2015. The new marker is for use in addition to the existing dyes in marked gas oil and kerosene. It resulted from a joint initiative by Revenue and Her Majesty's Revenue and Customs to find a more effective marker (i.e. a marker less susceptible to removal by laundering) for use in marked fuels in both Ireland and the United Kingdom. The new marker enables Revenue to test samples of road diesel from distributors, forecourts and transport companies to identify the lower-taxed marked diesel intended for off-road use only and take appropriate enforcement action where the marker is detected. This action may include seizing the product, raising tax assessments, revocation of a trader's mineral oil licence and prosecution.

In conjunction with the introduction of the new marker, Revenue also procured portable fuel analysers to test for the presence of the new marker in fuel held at traders' premises and under transport at roadside checkpoints. An intensive testing programme was initiated in the second half of 2015. It focussed on the distribution chain and any supplier or user found to have road fuel containing the marker faced seizure of the product in question, prosecution and, where appropriate, revocation of their licence to deal in mineral oils.

By the end of 2015, over 500 premises had been visited by Revenue staff and in excess of 1,000 samples taken. This resulted in the seizure of over 85,000 litres of illicit fuel, including smuggled and laundered fuel. Prosecutions have been initiated in respect of all detections where the evidence supports such action.

#### **National Mineral Oil Compliance Project**

A further strand of the strategy to tackle fuel fraud entailed a nationally coordinated compliance project to establish the extent of non-compliance in business sectors involved in the sale, distribution and use of mineral oil. The project ran throughout 2015, with centrally selected cases, identified using a broad range of sector-specific risk criteria, distributed to the Revenue Regions and our Large Cases Division for audit. 120 cases were escalated to full audit interventions. 33 Ctd...

To-date, 76 audits have been concluded, yielding €2.7m in tax, interest and penalties. In addition, 2 cases are under consideration for prosecution. The project also increased the capability of Revenue auditors to identify and tackle excise fraud and is expected to conclude in the first half of 2016.

### **Overall Impact**

To help measure the effectiveness of our overall strategy in combatting fuel fraud, we completed an analysis of the oil market in Ireland early in 2015. The analysis involved assessing oil market trends prior to 2013 and extrapolating them forward into 2013 and 2014. It found that Revenue's compliance activity may have been responsible for an additional €200 million in taxes and duties for the Irish Exchequer in 2014. Feedback from traders involved in the mineral oil sector and their representative bodies has confirmed a significant reduction in the levels of laundered fuel and they attribute this development primarily to the measures taken by Revenue.

In early 2016, we carried out a random sampling programme which tested for the presence of the new marker in road diesel in the storage tanks of around 200 forecourt retailers. The sample, amounting to nearly one in ten traders, is significantly larger than required to provide statistically robust results. No samples tested positive for Accutrace S10™. The sampling, which was carried out under the independent supervision of Revenue's Statistics and Economics Research Branch, shows authoritatively that the selling of laundered fuel in the market is negligible and close to being fully eliminated. The findings represent a further confirmation of the effectiveness of the various measures introduced by Revenue over recent years.

## **Detection of Fiscal Fraud, Smuggling and Drugs**

There were 68 million cigarettes with a value of €34.4 million and 2,364KG of Tobacco with a value of €1.1 million seized in 2015. This compared to 53.4 million cigarettes and 9,834kg of tobacco seized in 2014. See **Table 20** on page 79.

We use intelligence gathering, profiling of suspects and effective intervention programmes to counter the threat posed by criminal activities such as fuel and tobacco fraud and drug smuggling. These activities often cross national boundaries and require close cooperation with other national and international law enforcement agencies, in particular HM Revenue and Customs in the UK. Structures are in place that facilitate cross-border cooperation between all relevant agencies in combating the activities of organised crime gangs that are responsible for a large proportion of criminal activity.

### **Tobacco**

We continued to deploy a wide range of enforcement action against the smuggling and sale of illicit cigarettes and other tobacco products in 2015. Our aim was to seize the illicit goods, disrupt the activities of the organised crime groups behind the smuggling, and to prosecute those responsible. A number of large seizures were made during the year.

In April 2015, a new tobacco tax stamp was introduced incorporating a number of new security features. This helps to combat counterfeit and fraudulent tobacco products.

## Drugs

In 2015, Revenue made 4,826 drug seizures - see **Table 19** on page 79.

There were 37 people arrested as a result of joint controlled deliveries with An Garda Síochána, and these cases are currently with the DPP either awaiting prosecution or a direction for prosecution. 8 people involved in the seizure of 1 tonne of cocaine from the Makayabella in September 2014, were also convicted during 2015 and received sentences ranging from 3 to 16 years.

Revenue has continued its engagement at an international level with the EU Customs Cooperative Working Party (CCWP), the World Customs Organisation (WCO), Europol, and the European Multi-disciplined Platform Against Criminal Threats (EMPACT) and MAOC-N in on-going actions aimed at intercepting and preventing the trafficking of drugs, illicit medicines, new psychoactive substances and drug precursors.

Revenue's Customs Service works at a national level with An Garda Síochána and the Naval Service in the fight against illicit drugs. Revenue's Customs Drug Law Enforcement Unit continues to be embedded in joint investigations with the Drugs and Organised Crime Bureau of An Garda. In 2015, this resulted in Revenue evaluating 150 joint controlled delivery operations involving Revenue's Customs Service, An Garda Síochána, and/or the Irish Medicines Board. This figure is an increase on 2014 figure of 138 joint controlled deliveries considered.

We participated in several significant national and international operations in 2015 and in a range of fora related to organised crime and drug smuggling.

Revenue participated in the Department of Health lead Oversight Forum for Drugs. Revenue's Customs Service supports the supply reduction pillar of the Government's National Drug Strategy, and will contribute to the development of the new National Drugs Strategy. We also participated in various sub-groups, including the National Coordinating Committee (for the drugs and alcohol regional task forces), and the International Drug Issue Group (IDIG) which was established during Ireland's EU Presidency. The IDIG collates the overall picture of the international drugs issues relevant to Ireland in advance of the Department of Health and the Department of Justice attendance at the UN's Commission on Narcotic Drugs (CND).

## Joint Investigation Units

Joint Investigation Units (JIUs) have been operating since 1990. Their role is to carry out investigations into tax and PRSI non-compliance, fraud and the employment status of workers and to address areas where evidence suggests levels of non-compliance which reflect the existence of shadow economy activity. Initially this work was carried out in conjunction with the Department of Social Protection (DSP). Since mid-2007, Workplace Relation Commission (WRC) (formerly National Employment Rights Authority) officers work with both Revenue and DSP Investigation Units and other agencies including the Gardaí on multi-agency checkpoints to identify shadow economy activity.

Information and intelligence is, as appropriate, shared amongst the various agencies and joint visits to construction sites and other businesses are carried out. Interventions range from joint profiling with our DSP colleagues in relation to issues such as identity fraud, to site visits. JIUs carried out 2,111 compliance interventions (targeted queries and interviews) in 2015. In addition, a total of 3,335 outdoor inspections comprising of construction site visits, check-points and local operations were also carried out - 720 were carried out with the DSP, 232 were carried with the WRC and 347 of which were multi agency

inspections. During 2015, the JIUs collected €3.64 million in tax, interest and penalties and their work also resulted in 1,789 persons being registered for tax.

### **Hidden Economy Monitoring Group**

Revenue chairs the Hidden Economy Monitoring Group (HEMG), a multi-agency non-statutory group comprising representatives of Government agencies, employers (Irish Business and Employers Confederation, Retail Ireland, Small Firms Association, Construction Industry Federation) and trade unions (Irish Congress of Trade Unions). The HEMG provides a forum for businesses and trade unions to share and advance ideas and initiatives to combat shadow economy activity.

### **Unlicensed Trading and Breaches of Excise Licence Laws**

In 2015, Revenue identified cases where alcohol products were being sold without an excise license and where the business did not have a current tax clearance certificate. Many of these cases regularised their tax and excise licence issues following Revenue intervention. Enforcement action was taken in 8 cases and significant quantities of alcohol products were seized from the unlicensed premises.

### **Intellectual Property Rights**

Counterfeit goods can pose risks to consumers' health and safety and undermine legitimate businesses. The main categories of goods seized for intellectual property rights infringements were consumer products, such as handbags, sports shoes, watches, mobile phones and phone accessories. In 2015, Revenue interventions resulted in 2,713 detentions involving 138,182 items. The estimated market value of the genuine equivalents of the detained items was €2.25 million. In addition, 9 joint enforcement operations with the Garda National Bureau of Criminal Investigation, targeting criminal gangs importing commercial volumes of counterfeit goods, resulted in high volume seizures with an estimated genuine equivalent value of €3.2m. Investigations are ongoing in these cases.

### **Serious Tax and Duty Evasion**

Serious tax and duty evasion is something we are determined to tackle. In 2015, 28 criminal convictions for serious tax and duty evasion were secured before the Courts – see **Table 21** on page 80.

- 17 of the convictions were for serious tax offences. Custodial sentences, ranging from 10 to 18 months were imposed in 3 cases. Sentences of between 18 months and 3 years 6 months, which were fully or partly suspended, were imposed in twelve cases. A sentence of 240 hours of community service was imposed in one case.
- 11 of the convictions were for serious duty offences. Custodial sentences of 18 months were imposed in two cases and the final 6 months of one of these sentences was suspended on appeal. A custodial sentence of 18 months was reduced to time served in a further case. 7 cases resulted in suspended custodial sentences ranging from 3 months to 2 years. A sentence of 200 hours of community service was imposed in one of these cases. A fine of €1,000 was imposed in one case.

At year end, 122 cases of serious evasion or fraud were in the investigation process, and a further 48 cases were with the Director of Public Prosecutions or in the judicial system.



## Strategic Driver 1 – People, Performance and Structures

We aim to be an efficient, sustainable, agile and engaged organisation with strong governance delivering quality performance.

To meet our business needs it is essential that we have the right people with the right mix of skills and competencies in the right places. To do so we have to ensure that we attract and recruit talented people while at the same time building on our internal capacity by developing our staff and leaders.

### Staff and Recruitment

Revenue had 6,164 staff (5,780 full time equivalents) at the end of 2015, up 129 (2.1%) on the end of 2014. During 2015 we developed our skills base by building staff capability and adjusting structures. We also filled a number of critical skill gaps through redeployment and open recruitment at Principal, Assistant Principal, Administrative Officer, Executive Officer and Clerical Officer Levels.

During 2015, we developed our staff and leaders as follows:

- 24,121 training days were delivered - a 42% increase on the 2014 figure of 16,978. This includes 8,415 audit and 5,574 customer service training days.
- The total direct expenditure on training and development was €5.37 million, representing 1.86% of payroll costs.
- A new Continuous Personal and Professional Development (CPPD) programme was introduced in June 2015. Under that programme 1,574 training days were delivered to staff covering topics including VAT on property, research and development tax credit, close company provisions, data analytics and Relevant Contracts Tax.
- Structures have been formalised around the mentoring programme for audit and compliance staff.
- 29 students were conferred with the BA (Hons.) in Applied Taxation, and a further 50 were conferred with the Diploma in Applied Taxation by the University of Limerick. In addition, 16 students were conferred with the Tax Technician qualification (TMITI), 42 students received a Certificate in Income Tax and Payroll Compliance and a further 5 students graduated as Chartered Tax Adviser, all awarded by the Irish Tax Institute.
- 407 staff were appointed from open competitions in 2015, including 6 Principals, 24 Assistant Principals, 4 Solicitors, 55 Administrative Officers and 22 Executive Officers.

### Resourcing Debt Collection

In 2015, we increased the resources assigned to debt collection through a combination of internal business realignments and recruitment.

Our debt management capability was also significantly strengthened by the delivery of a new IT enhancement which provides very detailed analysis of timely tax payment and filing compliance risk at both macro and individual taxpayer level and enables us to quickly identify and manage any tax compliance slippage.

## **Feature Article**

### **Recruitment in Revenue**

For Revenue to serve the community and carry out the complex business of taxes and duties administration we must have the right number of suitably qualified and experienced staff in the right jobs. We need to continuously attract, recruit and retain talented people to maintain an efficient, sustainable, agile and engaged organisation.

In spite of an increasingly competitive recruitment market, we recruited some 407 staff by way of open competition in 2015. These included a wide range of specialists and experts to fill critical posts in the areas of Audit, Compliance, Information Technology, Law, Economics and Data Analytics.

Based on analysis of current and projected staffing needs identified in our workforce plans, we will need to recruit around 400 new staff in 2016. The recruitment will be at all staff levels and will cover a diverse range of specialist skills in the areas of Tax, Accounting, Economics, Law, Data Analytics, Information Technology and Audit.

Revenue aspires to be the employer of choice for the range of skilled and specialist staff it requires. We have a mobility policy offering exposure to a wide variety of interesting challenges and roles. We provide focussed support for development of staff through accredited tax and duty training, Continuing Professional and Personal Development and financial support for self-directed learning. Revenue offers entirely merit-based opportunity for advancement along a structured career path. We also offer a comprehensive range of work-life balance options, subject to business needs. The Revenue staff profiles on pages 42 to 47 illustrate actual staff experience of the career opportunities available in Revenue.

All Revenue's open competitions are advertised in national newspapers, on our website, on the Public Appointments Service website and on social media forums, such as Twitter, LinkedIn, etc.

### **Improving Internal Communications**

During 2015, we increased the range of material available on RevNET, Revenue's intranet system. RevNET is a one-stop-shop for information and assistance and makes both corporate and job-specific material easily accessible to staff. It also facilitates discussion forums and information sharing.

### **Managing Performance**

Improvements were made to our Performance Measurement and Reporting System in 2015, broadening the range of management information thus contributing to improved decision making.

During 2015, agreement was reached between management and union representatives to move away from the current five point rating scheme, for the Performance Management and Development System (PMDS), to a new two-point rating system that identifies performance as either 'Satisfactory' or 'Unsatisfactory'. The new rating system continues the process of simplifying PMDS. The new ratings will be awarded at the 2016 End-of-Year Review stage.

5,779 staff received a PMDS rating in 2014 representing a compliance rate of 96%. PMDS compliance rates for 2015 show a similar trend with 97% compliance for Goal Setting stage.

In 2015, the percentage of working days lost to sick leave was 4.75% and the average number of sick days per staff member was 10.89.

## Public Sector Reform

Revenue played an active and strategic part in leading the process to renew the vision and strategy for the Public Service and the Civil Service.

Revenue is represented on the Civil Service Management Board by Revenue Chairman, Niall Cody, who is also a co-sponsor of the Learning and Development Action of the Civil Service Renewal Plan. Mr. Cody was also appointed to the Accountability Board for the Civil Service which was established in May 2015.

In 2015, members of our senior management team actively participated on a number of cross-Departmental public service reform groups including the Reform and Innovation Network that monitors the delivery of Public Service Reform at a strategic level, the Learning and Development Project Working Group, and the cross-Departmental External Service Delivery Debt Management Project that reviewed the debt management operations of a number of Public Sector bodies.

Revenue implemented its Integrated Reform Delivery Plan 2015 and actions set out in the Civil Service Renewal Plan were also implemented in line with set timelines. Key work carried out in relation to implementing the Civil Service Renewal Plan in Revenue included;

- Redrafting of Revenue's Corporate Governance Framework in line with the Civil Service Common Governance Standard (Action 3).
- Further development of Revenue's Performance Management and Reporting System (PMRS) as a management information and performance reporting tool (Action 4).
- The appointment of over 400 staff from open competitions in 2015 (Action 8).
- Active contribution to the development of a new shared model for delivering Learning and Development (Action 9).
- Input to the development of central policy on Talent Management and the launch in Revenue of an Executive Coaching Programme to build individual and collective leadership capacity at Principal Officer level (Action 10).
- Supporting the development of a performance review process for Secretaries General and piloting of an enhanced review process for Assistant Secretaries (Action 12).
- Participation in the inaugural Civil Service Excellence and Innovation Awards to publicly recognise staff excellence and innovation. One of Revenue's nominated projects - Enhancing Secure Online Services - won an overall award in the Customer Service Excellence category (Action 13).
- Ongoing implementation of a very active internal mobility policy, the introduction of a new mobility policy at Assistant Secretary level and input to the development of mobility policies at other levels (Action 15).
- Publication of Revenue's Framework for Assignments on the 'whodoeswhat.gov.ie' website (Action 21).
- Improvements made in how data is collected, managed and shared and implementation of an Open Data Strategy to support and fulfil our commitments under the Open Government National Action Plan (Action 24).

In addition, Revenue seconded six staff members at grades from Higher Executive Officer to Principal Officer to the Department of Public Expenditure and Reform to work directly on the Civil Service Renewal Plan with a Principal Officer and Higher Executive Officer working specifically on establishing a new shared model for delivering learning and development. A second Principal Officer has taken on the role of Revenue's Business Partner and is working on the cross-Departmental External Service Delivery

Debt Management Project on a part-time basis ensuring our expertise in the area is shared across the Civil Service-wide project.

## Managing Corporate Risk

In 2015, Revenue developed a new corporate risk framework that is now fully integrated with our corporate planning processes. This framework is actively monitored by our Risk Management Committee and ensures that appropriate actions are taken to mitigate risks that could impact on the achievement of Revenue's corporate objectives.

### Feature Article

#### Training and Development

##### Revenue Graduations 2015

A key corporate priority for Revenue is to strengthen organisational expertise and capability through our people. A concern for the Board is to ensure that Revenue is a strongly compliance-focused organisation, and that we increase focus on non-compliance. The Board is strongly committed to continued investment in training and development of our staff. Revenue's partnership with both University of Limerick (UL) and Irish Tax Institute (ITI) are key drivers in this regard.

Our partnership with UL started 12 years ago and to date we have seen 260 Revenue staff achieve a BA in Applied Taxation and 638 achieve a Diploma in Applied Taxation, all accredited by UL. In January 2016 29 Revenue Staff were conferred with a BA in Applied Taxation and 50 were conferred with a Diploma in Applied Taxation in UL. Ctd...



*The class of 2016 – Revenue graduates in both Degree and Diploma programmes with Revenue senior management and academic staff from the University of Limerick.*



Revenue also engages with professional bodies to provide a variety of accredited tax programmes to maintain and enhance internal professional expertise. In 2015, 61 Revenue students were awarded professional tax qualifications by the Irish Tax Institute (ITI). The Certificate in Income Tax and Payroll Compliance was awarded to 42 newly recruited Clerical Officers on completion of Revenue's Customer Service Training Programme and success with the Income Tax and Payroll exam run by the ITI. A total of 16 Revenue students received the Tax Technician qualification and a further 3 students were conferred with the AITI Chartered Tax Adviser (CTA).



*Revenue graduates from the ITI programme with Chairman Niall Cody.*

Revenue also offers opportunities to staff to develop their capability and skills and to achieve a professional qualification through Refund of Fees and Sponsorship schemes.

To strengthen organisational capability in the field of audit and accountancy, Revenue provided sponsorship to ten members of staff to train as an accountant. The sponsorship includes funding of accountancy courses and examinations, practical work experience opportunities internally and the assignment of a qualified accountant as a mentor to the trainee in the workplace. Two members of staff qualified as professional accountants in 2015 following successful completion of the programme.

To maintain knowledge and skills in the area of law, five Revenue staff members have signed up to train as a solicitor. The trainee solicitor's training contract involves study at the Law Society of Ireland on a full time basis, a twenty-four month work placement and mentored work experience under the supervision of a practising solicitor. On successful completion of the training and work experience, the participants will be entitled to have their names entered in the Roll of Solicitors.

Revenue also provides on-going support to all staff through the Continuous Personal and Professional Development (CPPD) Programme and the Reimbursement of Professional Membership Fees scheme.

These technical and professional qualifications will help create a highly capable and effective workforce, build organisational capacity and enable Revenue achieve its strategic objectives.

### **Rachel Stokes - Administrative Officer, Collector General's Division**

Having graduated with a law degree from University College Cork and completing the requisite in-house training, I was admitted to the Roll of Solicitors in 2002. I practised as a solicitor in a large legal firm in Limerick City for approximately 12 years, specialising in all types of litigation, conveyancing and debt collection. After gaining invaluable and varied experience in the legal system, I joined the Revenue Commissioners through the open Administrative Officer competition in March 2015.



Revenue has given me the opportunity to utilise my specialist skills in an exciting role as manager in the Collector-General's Division.

My work is focussed on groups of cases involving businesses controlled by the same individual or individuals where the businesses in question systematically accumulate tax debt before ceasing to trade. My role involves identifying potentially high risk cases so that early intervention and the full range of enforcement options are speedily deployed under an intensive monitoring programme, in order to minimise the risk to Revenue.

Furthermore, my legal knowledge has been of great benefit to my team, specifically when dealing with legal agreements, enforcement and court procedure.

On a personal note, the overwhelming support and guidance I have received from colleagues and management alike has made my experience to date a very pleasant and rewarding one. Not only does Revenue provide me with the opportunity to take on diverse and challenging roles it also provides unparalleled prospects for progression and advancement in a large dynamic organisation that adapts quickly and effectively to change.

For all these reasons and more, I would have to say that my first year in Revenue has been a very positive experience. I am very glad I made the decision to join Revenue and extremely proud to be part of this team!

## **Fiona O'Neill, Dog Handler**

This year marks my 10<sup>th</sup> anniversary in Revenue. From the moment I joined I had wanted to work in Customs. As soon as a position arose I applied for it. I joined the team in Dublin Airport in January 2010.

Working alongside the dog handlers really interested me. Combining enforcement work and my love for dogs seemed like the ideal job. Subsequently I applied for the post of dog handler and was called when a position became available.



I met my new colleague Frankie. He is a dog specially trained in sniffing out tobacco products. We began an 8 week intensive training course. During training, a bond is created between the handler and dog. You learn to read your dog and the dog learns to trust you and so handler and dog develop a very close relationship.

Aside from working my dog 8-10 hours daily, I'm responsible for him in every way, from feeding, general care and welfare and including maintenance of any equipment he uses. The role requires commitment and dedication in abundance. The dog needs to be considered even on a day off or on holiday.

Each day can vary greatly, searching baggage, freight, warehouses, post, cars and trucks, basically anywhere that illegal tobacco products could be concealed. You just never know what you are going to be faced with, but that's all part of the challenge and reward. The dog is a vital asset in detecting and combating smuggling and I'm very happy to enable him to do his work effectively.

On cold wet miserable days, one look at Frankie with the glint in his eye raring to get going is more than enough motivation to throw on the woolly hat and the wet gear and get out there to assist in combating tobacco smuggling.



## **Des Nolan – Higher Executive Officer, Training Branch**

I joined Revenue in 2001 and currently work in the Revenue Training Branch as a Higher Executive Officer responsible for managing the Continuous Personal Professional Development (CPPD) programme.

Before joining Revenue, I worked in private banking and was responsible for managing and developing the day-to-day operational function of the investment division as well as advising high net worth clients' on their investment portfolios on a worldwide basis. As a manager of an investment banking division I was exposed over many years to data on macro and micro economics as well as accounting structures for both individual and businesses. This work has helped me to deliver strong results in all the various areas of my work in Revenue.



When I first joined Revenue I worked in the Wicklow Revenue District dealing with taxpayers in areas such as PAYE, Income Tax and VAT and carried out multi- tax audits.

On promotion, I moved to the Revenue Training Branch. At the time, I was a bit apprehensive about the move and wondered whether I would be able to do the work and have enough confidence to stand up in front of my peers. However, having discussed these concerns with colleagues, I was confident that with my banking background I could see myself as a professional training asset.

I spent the first few weeks in Training Branch developing my skills in a range of technical tax topics. As well as providing training, my responsibilities also involved writing and correcting exam papers and mentoring students when needed. The support that I received from my new colleagues was vital and helped me to integrate very quickly. Dealing with students and responding to their needs in a meaningful way proved to be very rewarding.

One of the key concerns that kept cropping up was the need for additional training. As a result of this, the new CPPD programme, which I manage, was inaugurated in the spring of 2015. This involves identifying tax training needs for staff moving from one work area to another and providing additional training.

The CPPD programme has been an enormous success. Over 1,200 training days have been delivered since it started in May 2015. The success of this programme could not have been achieved without the support of the trainers who delivered some of the modules, as well as the support of non-trainers from other Revenue Divisions who developed and delivered additional topics in their fields of expertise.

I am glad to say that the development of CPPD is moving at a very fast pace and will continue in future. The CPPD programme has had a real impact on the way training is provided. From my point of view, managing this programme has been extremely interesting and rewarding.

My time in Revenue Training Branch has flown, and has been one of the most enjoyable periods of my career. Sometimes the work can be challenging but this is balanced by the overall goodwill from the students and my Revenue colleagues.

**Eamon Kelleher, Assistant Principal,  
Information, Communications Technology and Logistics Division**

I joined Revenue in May 2015 as the Assistant Principal of the Release Management Unit. My background is in computer science, having graduated with a B.A. (Mod) in computer science from Trinity College Dublin.

I had been working as an ICT contractor in Revenue for a number of years when the position of Assistant Principal was advertised through an open competition.



I was attracted to the public sector and this role in particular, for the following reasons:

- I was already very familiar both with the responsibilities of the role as well as with the individuals I would be managing on the team. I was excited about the challenges that faced the team, along with the prospect of shaping the direction the team would be taking.
- It provided the opportunity to work alongside a very strong senior management team with a clear strategy and vision to continually improve the technologies and processes used across Revenue.

The Release Management team itself is made up of twelve people, a mix of Revenue personnel and consultants, with responsibility for maintaining a variety of testing environments and performing releases and updates to both the test and live IT systems. Revenue's online systems provide one of the key interfaces between Revenue and the public, and so the stability and quality when making changes to these systems is important for the reputation of the organisation.

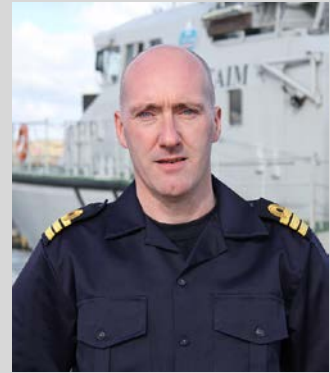
One of the key responsibilities of my role is also ensuring effective collaboration with the other teams in ICT&L. This provides a great opportunity to get an overall appreciation for how the Division works and to develop and learn from the experience and knowledge of others.

I have thoroughly enjoyed my time in Revenue, and am fortunate to have the opportunity to work alongside such a dedicated, talented and professional group of people.

**Diarmuid Quinlan - Higher Executive Officer and Commander of the Revenue Customs Cutter 'Suirbhéir'.**

I joined Revenue in 1999 as a Clerical Officer working in PAYE in Mount Street, Dublin. I undertook Customs enforcement assignments in 2001 in Dublin Port and Bantry, focusing on shipping movements and the smuggling of drugs and fiscal products into the State.

I was promoted to Staff Officer in 2004, working in audit and compliance in Cork. I was successful in applying for the Maritime Unit in 2006 as an Executive Officer and was appointed as a Cutter Commander in 2012, following extensive training and sea service. During that time I have worked with conscientious, dedicated and committed colleagues who have contributed to the capability and professionalism expected within the Unit.



It can be difficult and challenging from a personal level when people are away from home for eight days living on a boat of less than 20 metres. The sense of camaraderie and team ethic, not to mention the culinary skills demonstrated, create a unique bond between those who have worked aboard a Cutter during their Revenue career.

My assignment to this area has given me opportunities to enhance my professional development with the training provided and by working with other agencies on both a national and international basis. It will take an officer 18 months to complete all the training required to be fully competent with all aspects of the role of Commander.

The Unit is continually evolving and implementing best practice and procedures in a difficult and challenging environment. It is as a result of the contributions made by Revenue staff assigned to the Maritime Unit that it is on such a strong footing today. This is evidenced by the relationships developed with coastal communities, requests from international agencies with regard to operations, exchanges of personnel, and adoption by others of operating procedures that we have developed.

A core value in the Unit is to continually evolve while ensuring the highest standards of professionalism and of service delivery in an ever changing and challenging environment.

**Anita Mulligan – Clerical Officer, Central Revenue Information Office**

After qualifying as a paediatric and general nurse, I decided that I did not wish to follow a career in this field. I applied for a position in the public service through an open competition in 2014 and was assigned a position in Revenue, which I readily accepted as I was drawn to a career with more regular rostered hours while maintaining a customer-centric focus.

On acceptance of this position, I received extensive and in-depth training, both in a classroom setting and through supervised, practical, on the job training. The training included matters relating to the application of tax law, relevant taxation software and customer relations, and was provided by the Revenue Training Branch and other Revenue personnel. Following this, I was assigned to my current position in the Central Revenue Information Office.

My duties include providing assistance, information and advice to customers in relation to their tax affairs. I was also selected to partake as a team member in the Revenue promotion of the Customer Engagement Strategy (CES), interacting with customers on their arrival in the public office and advising them on the range of more efficient, cost-effective and convenient methods available to conduct their tax affairs, including online, self-service and phones. In particular, I advise customers on their queries in relation to the online MyAccount service, which was launched in September 2015 to provide a more user-friendly and enhanced service for customers.

Working in Revenue provides a challenging yet enjoyable and rewarding experience with many opportunities for both personal and professional development.



## Feature Article

### World Customs Organisation Awards

The World Customs Organization (WCO) is an intergovernmental body with a mission to enhance the effectiveness and efficiency of Customs administrations. The WCO currently represents 180 Customs administrations across the globe that collectively process 98% of world trade.

On 26 January each year, member administrations celebrate International Customs Day to mark the first WCO meeting which took place on that date in 1953. It is an opportunity to reflect on the role of Customs in the modern world and to recognise the contributions and achievements of Customs officers through the presentation of WCO Awards.

This year's Irish award ceremony was hosted by Revenue Chairman Niall Cody and Commissioners Liam Irwin and Gerry Harrahill in Dublin Castle. In attendance were the award recipients and local managers. Specially invited guests included Paul Winter, First Secretary (Fiscal Crime) at the British Embassy in Dublin, Mairead Fleming, Chairperson of the Dublin Society of Prevention of Cruelty to Animals (DSPCA), and Brian Gillen, CEO DSPCA. Brendan Keating, CEO Port of Cork and Captain Paul O'Regan, also Port of Cork, were guest speakers on the day.

After welcoming all present, the Chairman spoke to the WCO's theme for the day 'Digital Customs: Progressive Engagement', noting that the quality of Revenue's customs activity underpins Ireland's attractiveness as an investment location for international business and enables it to function as a truly open economy. He said that we can be justifiably proud of our achievements in relation to the digital agenda and the effectiveness, efficiency and reliability of our IT systems.

The award ceremony saw the presentation of three types of award. WCO Certificates of Achievement were presented to three staff members who completed the Virtual Customs Orientation Academy 2nd session. WCO Certificates of Merit were presented to 4 individuals and 6 teams who had earned special commendation for their outstanding contributions to Irish Customs. Finally, Customs sniffer dog Meg and her handler Laura Nolan were presented with the DSPCA Silver Medal by Mairead Fleming, Chairperson of the DSPCA for their involvement in the detection and rescue of 18 pups in Dublin Port.



**The Revenue Board with award winners and special guests after the presentation of the WCO Awards in Dublin Castle.**



## Strategic Driver 2 – Technology and Business Processes

Our aim is to maximise the effective deployment of technology and the efficiency of our business processes.

Establishing electronic channels as the normal way of doing business is a key strategic objective for Revenue. We use information and communications technology to provide new and innovative services to our customers and to generate efficiency and quality improvements in how we do our business. During 2015, we launched a range of new digital services for our customers and staff.

Internally, we continue to integrate new technologies and processes to streamline our operations, reduce costs and improve performance. A particular focus has been the introduction of analytics into our day-to-day operational systems to identify and address risk and compliance issues in real-time rather than retrospectively through audit.

Revenue is committed to participating in the programme to extend the scope of shared services across the public sector, a key component in the Government's strategy to improve public services. Our payroll operations are already outsourced to a shared service provider and are on track to move within the Payroll Shared Service Centre in 2016. We also contributed to the business case for Government approval in relation to the establishment of a Financial Management Shared Services Centre (FMSSC). The introduction of an FMSSC will streamline the processing of financial and accounting activities, resulting in improvements in the quality of management information and financial control.

During 2015, a substantial number of projects were successfully delivered including:

- The timely implementation of Budget and Finance Act changes, plus a range of major maintenance and enhancement releases across Revenue's IT system portfolio. This also included the development of the LPT system so customers could claim their DIRT First Time Buyer's Relief online.
- The Revenue Case Management (RCM) application went live in July 2015, delivering a fully integrated and user friendly profiling, selection and case working solution to over 2,500 staff. As well as replacing the legacy case working application, the RCM improved the identification of the 'riskiest' cases, provided a more efficient and comprehensive risk profiling capability, and improved the overall efficiency of case working business process.
- The EU Directive on Administrative Cooperation in the Field of Taxation obliges EU Member States to automatically exchange available information about residents of other Member States in respect of taxable periods commencing on or after 1 January 2014. Revenue introduced a new system to facilitate the transfer of information in respect of 5 categories of income and capital: employment income, directors' fees, certain life assurance products, pensions, and the ownership of and income from immovable property. The first exchanges of information occurred in June 2015.
- The myAccount portal makes it easier and less costly for customers to voluntarily comply by providing a single secure access point to a wide range of self-services to 2.4 million PAYE and Local Property Tax customers. myAccount uses state-of-the-art technologies and is accessible from all mobile devices. Between September 2015, when it went live, and the end of the year there were over 450,000 logins accessing almost 900,000 application services. myAccount won a 2015 Civil Service Excellence and Innovation Award. See **Feature Article** on page 21.

- In 2015, the Accountant General's Financial Database project delivered new online facilities to create, authorise and securely transfer banking instructions to the Central Bank (CB). It also improved the existing reconciliation process to include additional CB transactions and generates reports for the Comptroller and Auditor General and the Department of Finance.
- The eVRT project enables financial institutions to submit claims for leasing repayments through ROS. These claims are processed automatically and recorded automatically, replacing a number of manual processes. eVRT also provides a web service to enable car distributors to submit a Certificate of Conformity for all new cars brought into the country. This data allows Revenue to meet annual EU reporting requirements.
- The Eircodes project updated Revenue's internal IT systems to enable the storing of Eircodes. Customers can update their Eircodes via Revenue's online systems (e.g. myAccount), and a range of forms were updated to request Eircode information. Local Property Tax systems and correspondence were updated to display Eircodes. By the end of 2015, 60% of addresses in our customer databases had been updated with Eircode data.
- The Foreign Account Tax Compliance Act (FATCA) requires financial institutions to register with the US Inland Revenue Service (IRS) and report account information with respect to US persons, including account balances, interest payments, value of insurance contracts and proceeds of sale of financial assets. Regulations and a bilateral agreement with the US oblige Irish financial institutions to collect and return FATCA information to Revenue for onward transmission to the IRS. Revenue developed and deployed a new system to facilitate FATCA reporting through ROS. Uploaded records were validated against the FATCA criteria, aggregated and packaged securely for transmission to the US in advance of the deadline of 30 September 2015. Reciprocal information on Irish accounts held by US Financial Institutions was received from the IRS.
- The ROS Security Refresh project updated the login and sign and submit process in ROS to improve the user experience, make it compatible across all modern platforms (i.e. PC, mobile, and tablet), and support integration with external parties. The update aligns with the EUs Electronic identification and trust services (eIDAS) regulation.

In addition to the above, Revenue has implemented the following ICT initiatives in line with our ICT Strategy 2015-2017:

- We awarded the tender for the printing consolidation and the first printer deployment started in December 2015. This involves removing all locally attached printers and refreshing the aging network printer fleet while consolidating all PC printing to a smaller amount of high capacity networked printers.
- We completed an internal analysis of Total Cost of Ownership (TCO), a financial method used to aid budgeting and purchasing decisions. Following this assessment, an external IT Management Research company was engaged to conduct a more in-depth analysis, resulting in recommendations on how TCO could be implemented effectively.
- We completed an internal analysis on knowledge management in 2015 focussing initially on the IT requirements. Following the analysis we produced an assessment paper, including a roadmap of initiatives which will be implemented to improve how we capture, develop and share knowledge.



These initiatives will help maintain Revenue as a leader in the public sector that is recognised for its effective and innovative use of technology. These technical developments were supported by wide ranging communications and change management programmes. For some of the more technical IT projects, such as the ROS Security Refresh project, this included providing online videos (on [YouTube](#)) to give customers step-by-step assistance.

## **Managing Business Projects**

A principles based, project management framework has been extended to a number of significant business projects, including the Mineral Oils Compliance Project and the National Compliance Project focussing on the construction industry. We will continue to employ appropriate governance frameworks to ensure excellence in project and service delivery and benchmark our capabilities against industry best practice.

## **ISO Certification**

The ISO 27001 Information Security Management Systems is the international best practice standard for information security. Revenue was successfully re-certified for ISO27001 compliance and continually reviews and monitors our ICT security mechanisms.

The ISO22301 Business Continuity Management System is the international best practice standard for business continuity. Revenue continues to be certified to the ISO22301 standard for its critical services. Both Standards are complementary and supportive to each other.

## **Emerging Cross Government Authentication**

Discussions are ongoing with the Department of Social Protection (DSP) and the Office of the Government Chief Information Officer on how we can use the Public Service Card as part of registering for and using our online services.

The DSP had developed a new MyGovId service which can be used as the identity provider. Currently a customer can create a username and password in MyGovId and with those credentials can then access MyWelfare for certain simple online functions. Revenue is working with the DSP to allow customers log into myAccount using their MyGovId account. This will be of particular benefit to customers who are new to Revenue and wish to inform us that they have commenced employment.

## **Refining Business Processes**

Proposals for a reengineered payments/collection system for the major Excise duties have been approved, with the first phase comprised of Mineral Oil/Carbon Charge due for delivery in 2016.

A Standard Fund Threshold (SFT) was introduced in December 2005 which set a limit (currently €2m) on the tax-relieved benefits an individual can draw from their pension arrangements. Subject to certain conditions, an individual could apply up to July 2015 to Revenue for a Personal Fund Threshold Certificate (PFT) where pension benefits exceeded the Standard Fund Threshold. We developed and launched an online system to enable individuals to apply for a Personal Fund Threshold Certificate in respect of their pension arrangements. Since the system went live, 662 Personal Fund Threshold Certificates have issued with a value of over €1.4 billion.

## Cross-Governmental Engagement

We are implementing an Open Data Strategy to support and fulfil our commitments under the Open Government National Action Plan lead by the Department of Public Expenditure & Reform. The purpose of the Plan is to promote open data and transparency, build citizen participation, and strengthen governance and accountability.

We commenced an audit of selected data sources currently published by us and an inventory of potential open datasets for publication is being compiled. Over time, we intend to upgrade the data currently published by us to at least a '3 star' open data rating, where feasible. Revenue's statistics webpage is being modernised to provide a one-stop shop for all statistics and open data information published by Revenue. Links will also be maintained with the Government data portal ([data.gov.ie](http://data.gov.ie)) and the Central Statistics Office Statbank. We will promote and monitor the usage of the open data services we provide.

We currently provide ICT shared services for other Government agencies by hosting IT equipment and printing computer generated output. We host IT equipment for 33 public service bodies and print material for 7 on a frequent basis and others on an ad-hoc basis. This totalled approximately 7 million envelopes of material in 2015.

We continue to work with the Office of Public Works to review and manage our property portfolio in line with corporate objectives.

## Strategic Driver 3 – Data, Analytics and Risk Assessment

Our objective is to equip us to use data, analytics and risk assessment as a primary driver for service delivery and compliance interventions.

### Developing Capability

In 2015, we established a new role of Chief Analytics Officer, appointed two new analytics managers, set up a senior management group to oversee all analytics work, and created a new team to provide technical support for all our analytics projects. We are now building a new IT platform to make it easier to create, monitor, and maintain analytical models.

During 2015, we:

- Introduced a debt forecasting model to aid the identification and management of risks associated with outstanding debt. The forecasting model enables us to target resources to maximise debt management outcomes.
- Introduced further enhancement to our Arrears Case Analysis Tool to improve and assist with the targeting and selection of outstanding debts.
- Improved our ability to interrogate a variety of risk sources to assist in risk based case selection for compliance purposes.
- Used historic data to target some 25,000 customers to promote online claiming of medical expenses and other tax credits, before expiry of the four year time limit.
- Developed a new analytical model to identify high-risk income tax filers. The model uses a wide range of 3<sup>rd</sup> party and internal data to uncover ‘outlier’ cases that might otherwise escape detection.

### Economic Modelling and Statistical Analysis

During 2015, we upgraded our tax modeller simulation system for Income Tax to provide more detailed and robust analysis of Income Tax and Universal Social Charge policy changes. We also exploited new datasets for Capital Acquisitions Tax, Capital Gains Tax and Stamp Duty to facilitate enhanced policy analysis for these taxes. Combined with other forms of statistical analysis, these improvements enable us to better answer Parliamentary Questions, Budget and Finance Bill scenarios and any other tax costing queries.

We publish a suite of regularly updated statistical material on our website. In addition, we published special reports on farmers and the High Income Earners Restrictions in 2015.

We developed and deployed econometric models to complement existing tax receipt forecasting methods.

We conducted research into the links between tax receipts/compliance and economic activity, including targeted analysis in specific sectors. We also conducted research into understanding taxpayer compliance behaviour.

## Training for Analytics

In 2015 we delivered a range of training courses intended to embed the use of analytics in Revenue, including a module on the University of Limerick BA in Applied Taxation for Revenue students.

Revenue has continued to lead the 'Advanced Analytics' work programmes carried out under the aegis of the OECD Forum on Tax Administration. This role gives us insight into how other tax administrations are tackling the problem of integrating analytics into operational decision making, allowing us to identify and implement best practices. In 2015, we organised an international analytics conference in Dublin Castle, that was attended by 26 tax administrations and heard presentations from key exponents of advanced analytics in the international public and private sectors, began new work programmes on Analytics Delivery and Emerging Tools and Technologies, and conducted a comprehensive survey of 17 tax administrations. The findings of these two work programmes will influence our approach to analytics in 2016 and beyond.

## Feature Article

### Publication of Revenue Statistics and Research

Revenue is an important source of independent information on economic and fiscal data in Ireland. We are publishing more data and research than ever before. This encourages openness and accountability, strengthens public debate and improves the evidence base for decision making.

In 2015, Revenue increased the range of statistics published from the data collected through our administration of taxes and customs. The Revenue Statistical Report was a long established and respected publication but it had become unsuitable for the digital world. The static report has been replaced with a modern, interactive and dynamic [Revenue Statistics](#) webpage.

This delivers data in formats that are accessible to researchers and policy analysts through spreadsheets and non-proprietary machine readable formats. Statistics are updated on an ongoing basis as newer data become available. In late 2015, we further redesigned our Statistics webpage to match the structure of the [National Open Data Portal](#) and we are in the process of linking the two.

Beyond publication of statistics, we are also enhancing our research outputs. Revenue [research reports](#) are published in a central location on our website and this research adds value and context not available from statistics alone. New reports in 2015 include a [profile of the farming sector](#) in Ireland and a detailed [analysis of income mobility](#) over the last decade (joint work with the OECD). Revenue is also supporting the Department of Finance and the Economic & Social Research Institute joint research programme.

Publishing data and research allows Revenue to more efficiently and effectively answer queries from stakeholders: the Oireachtas, researchers and members of the public. For example, of the 400 Parliamentary Questions of a statistical nature addressed by Revenue in 2015, around half were answered by, at least in part, referring to the Revenue Statistics webpage.

These changes place Revenue at the forefront of the Government's Open Data Initiative and in 2016 we continue progress, prioritising research and datasets for publication based on user demand and policy making needs.

## Strategic Driver 4– Policy and Legislation

We aim to leverage legislation and partnerships to reinforce compliance and contribute to economic development.

Revenue assists the Department of Finance with policy formulation by providing considered advice, costings and proposals for changes to the tax and duty codes. We recommend changes that support tax compliance, simplify tax administration and tax legislation, and optimise electronic delivery. We also advance Ireland's tax and customs policy agenda internationally through our participation in a wide range of European and global fora.

### Finance Act 2015

In 2015, Revenue provided advice and drafted the legislation in relation to the Finance Act 2015. The main legislative provisions included in the Finance Act 2015 were as follows:

- A provision requiring Irish resident parent companies of large multinational groups to provide Revenue with an annual country-by-country report in respect of each tax jurisdiction in which they do business. This provision, together with Regulations published by Revenue in 2015, implements recommendations made by the OECD/ G20 BEPS project and specifically those contained in the 'Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 – 2015 Final Report'.
- Introduction of revised Capital Gains Tax entrepreneur relief for disposals made on or after 1 January 2016.
- Introduction of a new petroleum production tax in respect of licences issued on or after 18 June 2014.
- Amendments to rental income provisions to provide enhanced tax relief for landlords letting their property to tenants in receipt of social housing supports or Rent Supplement.
- Modifications to Revenue powers, strengthening our capacity to seek information in relation to tax at risk. The changes enable Revenue to fully meet our international obligations with regard to the exchange of information with other tax administrations.
- Extension of the Home Renovation Incentive for one year (from 31 December 2015 to 31 December 2016).
- Tax exemption provided in respect of expenses of travel and subsistence incurred by non-resident non-executive directors travelling to attend board and other meetings of a company.
- Ensuring that the provisions of the Taxes Acts in relation to married couples apply equally to same – sex married couples.
- Introduction of an Earned Income Tax credit for non-PAYE taxpayers.
- Changes to the Stamp Duty regime in relation to Debit Cards and ATM Cards designed to encourage a move away from cash transactions.

- Introduction of a VAT reverse charge for supplies of gas, electricity, gas certificates and electricity certificates. This is an anti-fraud measure which took effect from 1 January 2016.
- Extension of a VAT anti-avoidance rule to supplies or transfers of partially completed properties between connected parties.
- Provision to enable Revenue to notify suppliers of the cancellation of a customer's VAT registration and to publish that information.
- Clarification and extension of the powers of Revenue to search premises, vehicles and computers (including mobile phones) for information which may be of value in the investigation of excise offences.
- Strengthening of the power of Revenue to refuse or revoke excise warehouse authorisation where certain requirements are not met, including those relating to accounting and stock control systems, compliance with excise law and the security of warehouses.

### Providing Advice

We support the implementation of Government policies and programmes by working closely with a wide range of Departments, agencies and other national forums.

- Revenue continued its liaison arrangements with the Department of Health on the Public Health (Standardised Packaging of Tobacco) Bill.
- Revenue remained actively engaged with the Department of Finance and the Department of Justice & Equality on arrangements for the introduction of the new licensing and tax regimes for remote bookmakers and betting intermediaries in 2015. This cross-departmental engagement was stepped up following on from the enactment of the Betting (Amendment) Act in April 2015 and the consequential commencement of the licensing and taxation provisions for remote operators in August 2015.
- Revenue, as the competent authority in the State for verifying the new Irish Whiskey and Irish Poteen Geographical Indications (GI), liaised with the Department of Agriculture and Food on the development of the related Irish regulations and on the design and introduction of the GI verification schemes for both products.
- As part of our continuous engagement with Practitioners, Revenue made a number of changes to the Code of Practice for Revenue Audit and other Compliance Interventions.
- The Finance Act 2015 introduced the Knowledge Development Box ('KDB'). Revenue officers were part of a legislative working group, along with officials in the Department of Finance, who ensured that the policy and the legislation for the KDB fully implemented the OECD's 'modified nexus' approach. The KDB is the first measure of its kind to be fully compliant with the OECD's requirements in this area.
- In 2015 Revenue issued comprehensive, updated guidance on the Research and Development (R&D) tax credit, featuring accessible language and more detailed examples and complemented this with internal support for the effective administration of the credit.



- The Taxes Consolidation Act section 481 corporation tax Film Relief scheme which provides for a payable tax credit for film producer companies commenced in 2015. It replaced the Income Tax scheme which had provided relief to individuals for investment in films. The successful transition and operation of the new scheme followed extensive consultation with representative bodies within the film and television industry in the development of processes and guidelines.
- We established a Business Tax Network to improve communication between our legislative service and the operational staff on business taxes policy, legislation and interpretation matters.

### **The Customs Act 2015**

The Customs Act 2015 was enacted in June 2015. It will come into effect when the Minister for Finance makes the necessary Commencement Order. The relevant Regulations required under the Act will be made as soon as the Act comes into effect. Until then, the existing national Customs legislation continues to apply.

Customs Duty is an EU resource, and Ireland collects it on behalf of the EU. The EU Customs Code directly provides most of the legal framework for the financial aspects of customs activity, such as the rules relating to rates of duty, customs valuation, forms of declarations, etc. The Customs Act provides the national powers and procedures required for the efficient administration of customs in Ireland.

### **The Finance (Local Property Tax) (Amendment) Act 2015**

The Finance (Local Property Tax) (Amendment) Act 2015 was enacted in December 2015. Its main provision is the deferral of the revaluation of properties for LPT from 1 November 2016 to 1 November 2019. It also makes changes to some of the reliefs that are available. In the case of properties that have been damaged by pyrite, the Act makes some changes to how entitlement to relief is to be established. In the case of properties that have been adapted to make them suitable for occupation by a person with a disability, the Act provides a statutory basis for certain arrangements that were being operated by Revenue on an administrative basis and guarantees a minimum level of relief where the chargeable value of an adapted property falls to be reduced.

### **Review of Alcohol Products Tax**

A review of the alcohol products tax control regime was concluded in 2015 and an implementation group has been established to oversee delivery of the key recommendations, including legislative changes, IT developments and operational programmes.

### **Contributing to Tax Competitiveness**

Revenue contributed to the preparation of a consultation paper on the 'Tax Treatment of Expenses of Travel and Subsistence for Employees and Office Holders' which was launched by the Minister for Finance in July 2015. Over 50 submissions were received. The Finance Act 2015 addressed two issues which emerged from this consultation by providing for a tax exemption in respect of expenses of travel and subsistence incurred (1) by non-resident non-executive directors travelling to attend board and other meetings of a company and (2) by examiners engaged by the State Examinations Commission. At year end, other issues raised in the submissions were being examined by the Department of Finance in consultation with Revenue.

Revenue also contributed to the preparation of a consultation paper on the 'Use of Intermediary Type Structures and Self Employment Arrangements' which was launched jointly by the Tánaiste and the Minister for Finance on 28 January 2016. The consultation invited submissions from interested parties on possible measures to address the loss to the Exchequer in tax and PRSI that may arise under arrangements:

- where an individual, who would otherwise be an employee, establishes a company to provide his or her services, and
- where an individual, who is dependent on, and under the control of, a single employer in the same manner as an employee, is classified as a self-employed individual.

The closing date for submissions to the consultation process was 31 March 2016.

### **Regulating and Taxing Betting**

The Betting (Amendment) Act 2015 provided for the regulation of remote bookmakers and betting intermediaries (betting exchanges) offering betting services in Ireland, regardless of their location. Under the Act, Revenue is responsible for enforcement action against unlicensed bookmakers and remote operators, pending the establishment of a Gambling Regulator under the proposed Gambling Control legislation. The introduction of the new regulatory regime for remote bookmakers and betting intermediaries enabled the Minister to tax for the first time the betting transactions in the State by these remote operators.

Under the new tax provisions, remote bookmakers and remote betting intermediaries are liable for betting duty of 1% and betting intermediary duty of 15% on bets accepted from, or commission charged to, persons in the State, respectively, with effect from 1 August 2015.

43 entities are now licenced, 35 remote bookmakers and 8 remote betting intermediaries. The total remote betting and remote intermediary duty paid from 1 August 2015 to 31 December 2015 was approximately €8.27m.

## Strategic Driver 5– International

We aim to maximise our contribution to and influence on international tax and customs administrative issues.

We are committed to playing our part in initiatives to enhance tax transparency and exchange of information between tax administrations.

### Tax Matters

Revenue continued to actively engage with and contribute to transfer pricing issues at the EU Joint Transfer Pricing Forum. During the year, the Forum issued a report on Improving the Functioning of the EU Arbitration Convention which includes a revised Code of Conduct. The Arbitration Convention provides a mechanism for enterprises in Member States to seek resolution of cases involving double taxation.

There were some significant developments in the area of corporate taxation in 2015, at both EU and OECD levels. These included:

- The Council of the European Union adopted a Directive which amended the Parent Subsidiary Directive (PSD) to include a general anti-abuse rule. This new rule requires Member States to refrain from granting the benefits of the PSD to arrangements that are not genuine and that have been put in place to obtain a tax advantage defeating the object or purpose of the Directive. This amendment was transposed into Irish law in the Finance Act 2015.
- The European Commission presented a tax transparency package a key element of which was a proposal that provided for the mandatory automatic exchange of information between Member States on advance cross-border rulings and advance pricing arrangements. Revenue actively participated in discussions on this proposal at Council level and it was formally adopted on 8 December 2015. The Council Directive will be transposed into Irish law by the end of 2016 and the new measures will apply from 1 January 2017.
- Legislation to implement the OECD Common Reporting Standard (CRS) and the EU equivalent (DAC 2) for the exchange of financial information was introduced. Irish financial institutions commenced due diligence procedures on 1 January 2016 in relation to non-resident accounts and will file 2016 information via ROS in June 2017 for exchange with our partner jurisdictions in September 2017. We will continue to assist other jurisdictions to detect and prevent tax evasion by exchanging specific taxpayer information under existing statutory arrangements.
- Revenue engaged with the European Parliament Special Committee on tax rulings and other measures similar in nature or effect (TAXE) to assist with the work it was undertaking for the European Parliament.
- The European Commission published a detailed Action Plan on corporate taxation. It set out a series of measures for the short, medium and long-term with the aim of significantly improving the corporate tax environment in the EU and making it fairer, more efficient and more growth friendly. The Action Plan included initiatives to re-launch the ‘Common Consolidated Corporate Tax Base’ (CCCTB) proposal, further increase transparency, and ensure fair taxation where profits are generated. It also contained a proposal for an anti-BEPS (Base Erosion and Profit Shifting) Directive which was published in January 2016. Revenue contributed to discussions on the CCCTB proposal.

The focus of these discussions was on the international aspects of the common base that are linked to OECD work on BEPS and that have formed the basis of the proposed anti-BEPS Directive. See **Feature Article** on page 63.

- We are actively contributing to the work of the EU Council Code of Conduct (Business Taxation) Group on addressing tax avoidance that exploits mismatches in treatments for tax purposes between countries. Conflicting characterisations of the same entity, as being chargeable or not chargeable to tax, create opportunities for income to escape any charge and for expenses to be deducted twice. The Code of Conduct Group's work is developing proposals on how countries could coordinate their treatments for tax purposes to eliminate such tax avoidance opportunities.
- Revenue published procedures for implementing the spontaneous exchange of information on cross-border rulings in accordance with a framework agreed by the EU Code of Conduct Group (Business Taxation).

## Customs Matters

We participated in discussions of key customs matters in a number of international groups, including the EU and World Customs Organisation (WCO).

- Ireland, represented by Revenue, was elected to the WCO Finance Committee in June 2015 and attended the first meeting of the Committee in October 2015. Its role is to provide support and advice to the WCO Policy Commission and Council in budgetary and financial matters.
- The EU legislation introducing the new Union Customs Code (UCC) cleared all final obstacles in 2015 and will come into effect from 1 May 2016. The UCC will streamline customs practices across Member States, delivering efficiencies and reducing the administrative burdens for businesses.
- The legal framework within which Member States provide each other with administrative assistance and cooperate with the European Commission to strengthen procedures in the fight against customs-related fraud was amended in June 2015. The objective of the amendment is to complement the existing systems for the exchange of information. The new procedures will come into effect on 1 September 2016. Revenue represented Irish interests throughout the negotiating process, contributed actively to the formulation of the final text and will continue to do so as the secondary legislation required for full implementation is being developed.
- Significant progress was made on the 'EU Strategy and Action Plan on customs risk management'. Revenue officials participated in all discussions at EU level and have worked with the EU Commission and the 27 other Member States to design and develop systems and procedures which will serve the interests of EU citizens and trade.

## International Participation

During 2015, Revenue participated in discussions on a wide range of tax and customs matters at a number of international fora, including the European Union, OECD (including the OECD-hosted International Tax Dialogue (ITD) Global Conference on Tax and the Environment), Forum on Tax Administration (FTA), Intra-European Organisation of Tax Administrations (IOTA), World Customs Organisation and Fiscalis. Revenue is a member of the FTA Bureau, which oversees the work of the organisation, and of the Executive Council of IOTA.

In September, Revenue hosted a major conference ‘Modernising VAT for cross-border E-Commerce’, which was attended by the EU Commission, Member States, industry bodies and representatives from some of the world’s biggest e-commerce businesses. The conference represented an important stage in the development of policy proposals relating to cross-border e-commerce supplies, which are expanding rapidly and are particularly important for open economies such as Ireland’s.

### Extending our Tax Treaty Network

Double Taxation Agreements (DTAs) serve to eliminate or minimise double taxation for taxpayers operating across national borders. They cover Income Tax, Universal Social Charge, Corporation Tax and Capital Gains Tax. DTAs make it easier for companies to trade and invest internationally and facilitate linkages between economies.

By the end of 2015, Ireland had signed DTAs with 72 countries, of which 70 were in force. The DTAs with Botswana and Ethiopia are not yet in force – they have been ratified by Ireland and will come into force when notification of ratification by those countries has been received.

Details of DTA activity in 2015:

- A new DTA with Ethiopia, replacement DTAs with Pakistan and Zambia and a Protocol to the DTA with Germany were ratified by Ireland in 2015.
- Negotiations held in 2015 included new DTAs with Azerbaijan, Ghana and Kazakhstan, a replacement DTA with the Netherlands and Protocols to the DTAs with Mexico and South Africa.

### Tax Information Exchange Agreements

Tax Information Exchange Agreements (TIEAs) represent the international standard for effective exchange of information in tax matters where a comprehensive Double Taxation Agreement (DTA) is not in place. They promote tax transparency among tax administrations.

By the end of 2015, Ireland had signed TIEAs with 25 countries, of which 20 were in force. The TIEA with Argentina came into force on 21 January 2016 while the TIEAs with the Bahamas, Dominica, Montserrat and Saint Christopher and Nevis are not yet in force - they have been ratified by Ireland and will come into force when notification of ratification by those countries has been received.

Details of TIEA activity in 2015:

- TIEAs with Argentina, the Bahamas and Saint Christopher and Nevis were ratified by Ireland in 2015; the TIEAs with the Bahamas and Saint Christopher and Nevis were also signed in 2015.
- Negotiations for TIEAs with Macao and the Philippines were held in 2015.

## Feature Article

### Base Erosion and Profit Shifting (BEPS)

The Base Erosion and Profit Shifting (BEPS) Project was launched to deal with multinational corporations' tax planning structures that rely on mismatches and gaps in the tax law of different countries to move profits to low or no-tax jurisdictions. This 'base erosion and profit shifting' undermines trust in the international tax system and deprives many countries of much-needed resources. Over the past two years, OECD and G20 member States have worked together to address BEPS issues. Revenue officials, together with colleagues in the Department of Finance, developed Ireland's policy positions in relation to the OECD/ G20 BEPS project.

The work on BEPS tackled three main issues: aggressive tax planning, transfer pricing, and the abuse of tax treaties. The project had two key objectives:

- to address the problem of double non-taxation where payments or income go untaxed anywhere in the world and simply 'disappear' for tax purposes; and
- to ensure that profits are taxed in the jurisdiction in which the real business activity takes place, i.e. aligning taxing rights with real activity.

October 2015 marked the completion of the first phase of the BEPS Project, with the publication of the Final Reports on the 15 BEPS Actions - along with an Explanatory Statement that gave a high level overview of the reports, and the progress made in the Project. The mechanisms and guidance in the Reports have been developed to ensure that profits are taxed where they are created; to clarify the application of international tax rules, giving businesses greater certainty about their obligations; and to standardise compliance requirements.

While the final reports have been delivered, there is one action left to be completed. This is Action 15, which is a Multilateral Instrument to implement the tax treaty changes arising from the BEPS project on a multilateral basis. The alternative to this multilateral approach would be a time and resource consuming, bilateral treaty-by-treaty basis. This action has a December 2016 deadline.

Some technical work remains to be completed in a number of areas such as transfer pricing and tax treaty anti-abuse measures. The BEPS reports can be classified into three implementation levels: minimum standard, common approach, and best practice.

Implementation of 'minimum standard' actions is mandatory and participant countries are expected to implement the BEPS Actions, or parts of BEPS Actions, that are classified as minimum standards. The actions at this implementation level are:

- Action 6 on Tax Treaty Abuse which proposes the inclusion of anti-abuse measures in tax treaties.
- Action 13 dealing with Country by Country Reporting which sets out a new annual global filing requirement for all large multinational enterprises.
- Action 14 on Dispute Resolution which proposes mandatory improvements to the Mutual Agreement Procedure (MAP) process.
- Action 5 on Harmful Tax Practices which sets out the 'modified nexus approach' as the minimum standard for intellectual property tax regimes and also provides for a minimum standard with respect to the exchange of information on rulings.

The next level of commitment is the 'common approach'. While countries are not expected to initiate changes in line with these actions immediately, they are expected to implement them over time. The actions at this level are: Ctd...

- Action 2 on hybrid entities and instruments which proposes eliminating the tax advantage from a range of different hybrid situations.
- Action 4 on Interest Deductibility which proposes a general rule limiting company deductions in respect of interest to a certain percentage or fixed ratio of earnings.

‘Best practice’ actions provide the most discretion in terms of implementation. They set out guidelines that countries should take into account when introducing particular rules in these areas. The actions classified as best practice are:

- Action 3 on Controlled Foreign Company rules which addresses charging parent companies in respect of profits accruing to foreign subsidiaries, and
- Action 12 which deals with Mandatory Disclosure Regimes. Ireland’s existing regime is broadly in line with OECD recommendations.

Existing transfer pricing rules can be misapplied to move profits away from the jurisdictions in which the economic activity that generated them took place. The work under BEPS Actions 8, 9 and 10 specifically targeted this issue to ensure that profit allocations are aligned with value creation and real activity. The guidance on Actions 8, 9 and 10 will be incorporated into the revised OECD Transfer Pricing Guidelines (‘Guidelines’) when they are approved by the OECD Council (expected in 2016). Ireland adheres to the Guidelines and references them in legislation, which may now need to be reviewed. For treaty obligations the updated Guidelines are already regarded as being in force.

Action 1 on the Digital Economy concluded that this element of the economy cannot be ring-fenced and sets out possible direct tax options for dealing with it. However, the report does not make recommendations that countries are expected to implement.

Action 11 on Measuring and Monitoring BEPS identified the need for better sources of data to measure the incidence of BEPS and to evaluate the impact of the countermeasures set out in the final BEPS reports.

In response to the BEPS project, Ireland introduced legislation in the Finance Act 2015 and followed with Regulations on Country-by-Country-Reporting, a new annual global filing requirement for large multinational companies. In addition, the Knowledge Development Box, introduced by Finance Act 2015 to encourage innovation, fully complies with the ‘modified nexus approach’ set out in Action 5.

## Mutual Agreement Procedures and Advance Pricing Agreements

During 2015 Revenue, as the competent authority under our Tax Treaties, continued to engage with the competent authorities of other countries to eliminate double taxation resulting in the completion of 12 cases. This work included Mutual Agreement Procedure (MAP) negotiations, provided for under Ireland’s network of double taxation agreements and the EU Arbitration Convention. Ireland agreed to enter into bilateral advance pricing agreement (APA) discussions with other Competent Authorities in appropriate cases. See **Tables 25 and 26** on page 81.

In October 2015, Revenue issued a report on the Role of the Competent Authority. The report outlines Revenue’s role in resolving international tax disputes and negotiating MAPs and APAs. It also outlines Ireland’s willingness to implement mandatory binding arbitration through the new multilateral instrument being developed as part of the OECD/G20 BEPS project. Revenue is committed to resolving



international tax disputes and, in the case of bilateral advance pricing agreements, to providing taxpayers with clarity and certainty in relation to future transactions.

Revenue participated in discussions at EU level on a proposal for a Council Directive to amend Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation to provide for the exchange of rulings and advance pricing agreements.

### **Automatic Exchange of Information**

Revenue continued to implement international initiatives to automatically exchange information with the tax administrations of other jurisdictions. Legislation to implement the OECD Common Reporting Standard (CRS) and the EU equivalent (DAC 2) was introduced in 2015. CRS and DAC 2 set out a new global standard on automatic exchange of financial account information. To date over 90 jurisdictions have committed to exchange financial information under CRS / DAC2 with the first exchanges relating to 2016 financial accounts, commencing in September 2017. In an increasingly globalised economy, this is a significant development that will enhance international tax transparency and contribute to improved tax compliance.

In 2015, Ireland continued to participate as a reviewer in the ongoing process of country-to-country peer reviews undertaken under the auspices of the Global Forum on Transparency and Exchange of Information for Tax Purposes. Ireland will be reviewed under the forthcoming second round of reviews due to begin in 2016. Ireland is currently rated compliant with the Global Forum standards, the highest rating, following its peer review in 2010.

### **International Liaison**

During 2015, Revenue officials assigned to the Maritime Analysis Operations Centre-Narcotics, Europol and Ireland's London Embassy played an important role in facilitating cooperation and exchange of information and intelligence between Revenue and the relevant authorities in other jurisdictions. This cooperation plays a critical role in supporting effective international action against criminal activities.

Revenue currently has one officer assigned to the Europol National Unit, and one liaison officer assigned to Europol headquarters in The Hague who participates in all mandated crime areas within Revenue's areas of competence. Europol produces the Serious Organised Threat Assessment which forms the basis of the EU policy cycle and supports the European Multidisciplinary Platform against Criminal Threat (EMPACT) action program. Revenue's Customs service participates in EMPACT projects tackling cocaine, heroin and synthetic drug smuggling, 'missing trader' and carousel fraud and counterfeit goods.

## Governance

Revenue's governance structures ensure that we achieve our strategic goals, that we deliver our business programmes cost-effectively, and that we meet all relevant regulatory requirements.

The administration and management of taxes and customs is vested in Revenue. We are independent in the performance of our functions for the purposes of relevant enactments as listed in Section 101 (3) of the Ministers and Secretaries (Amendment) Act 2011. The Board comprises three Commissioners one of whom is Chairman and all carry the rank of Secretary General. The Chairman is also the Accounting Officer for Revenue.

The Board meets regularly to deal with a broad range of issues pertaining to Revenue, including strategic direction, the setting of key corporate priorities, financial and risk management, internal audit reports and minutes of Audit Committee meetings, resource deployment, senior management appointments and performance. The Board reviews compliance with other legislation such as the Ethics in Public Office Acts, the Freedom of Information Acts and the Prompt Payment of Accounts legislation.

The Office of the Comptroller and Auditor General (C&AG) audits the account of receipt of revenue of the State collected by Revenue. The account for the year ended 31 December 2015 is available on our website. The C&AG also carries out examinations on a cyclical basis. Matters arising from these examinations are published in Reports of the C&AG. Matters reported on include tax collected, expenditure, systems, procedures and practices as well as in-depth examinations of selected Revenue activities. As Accounting Officer, the Revenue Chairman appears before the Committee of Public Accounts to deal with issues arising from Reports by the C&AG and other matters relating to the activities of the Office that the Committee wish to discuss.

A formal system of delegation to each Assistant Secretary is in place, in accordance with the Public Service Management Act, with specified lines of responsibility and accountability to the Board. These responsibilities include the management of risk and of divisional resources. A Management Advisory Committee (MAC), consisting of the Board and all Heads of Division (at Assistant Secretary level), meets at least once a month to monitor performance across the organisation. The MAC reviews programmes and priorities to ensure they remain responsive to emerging developments, deals with business issues that have cross-divisional impact and plays a key role in managing corporate risk. There are several standing MAC Sub-groups that assist in managing operational performance, strategic investment and corporate risk. These include the Business Management Executive, the Information Technology Executive and the Risk Management Committee.

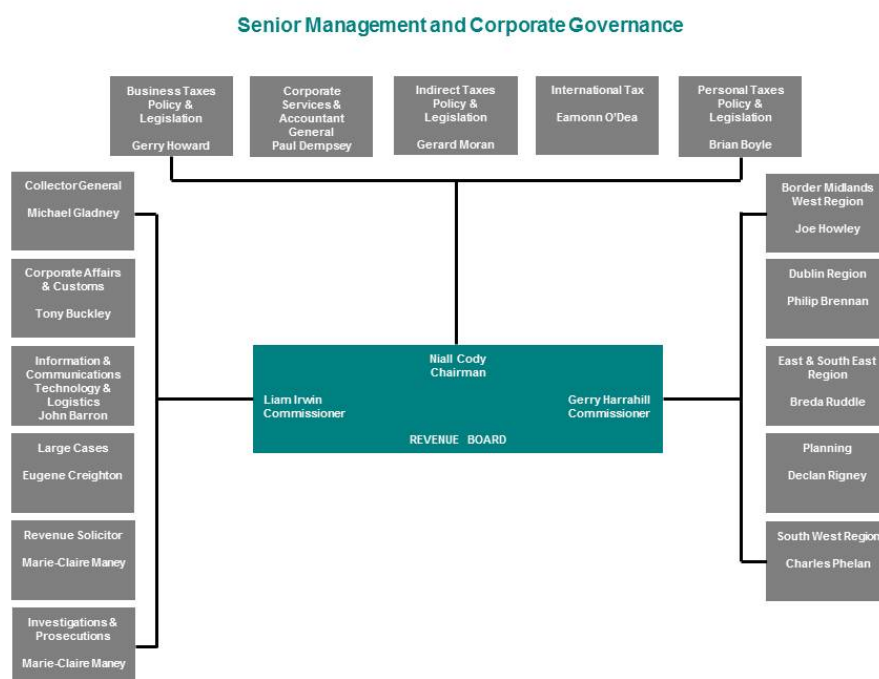
## Management Advisory Committee



Revenue's Management Advisory Committee (MAC), consisting of the Board and all Heads of Division (at Assistant Secretary level), meets at least once a month to monitor performance across the organisation. The MAC reviews programmes and priorities to ensure they remain responsive to emerging developments, deals with business issues that have cross-divisional impact and plays a key role in managing corporate risk.

Back row, l-r: Eugene Creighton, Breda Ruddie, Philip Brennan, Joe Howley, Brian Boyle, John Barron, Michael Gladney, Eamonn O'Dea, Declan Rigney, Tony Buckley Gerry Howard, Paul Dempsey, Gerard Moran, Marie-Claire Maney, Charles Phelan. Front row, l-r: Liam Irwin (Commissioner), Niall Cody (Chairman), Gerry Harrahill (Commissioner).

## Senior Management and Corporate Governance



## Assistant Secretaries



**Assistant Secretary: Michael Gladney**  
Collector General's Division



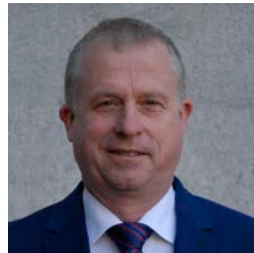
**Assistant Secretary: Gerry Howard**  
Business Taxes Policy and Legislation  
Division



**Assistant Secretary: Joe Howley**  
Border Midlands West (BMW) Region



**Assistant Secretary: Tony Buckley**  
Corporate Affairs and Customs Division



**Assistant Secretary: Paul Dempsey**  
Corporate Services and  
Accountant General's Division



**Assistant Secretary: Philip Brennan**  
Dublin Region



**Assistant Secretary: John Barron**  
Information, Communications Technology  
and Logistics Division



**Assistant Secretary: Gerard Moran**  
Indirect Taxes Policy & Legislation  
Division



**Assistant Secretary: Breda Ruddle**  
East & South East (ESE) Region



**Assistant Secretary: Eugene Creighton**  
Large Cases Division



**Assistant Secretary: Eamonn O'Dea**  
International Tax Division



**Assistant Secretary: Declan Rigney**  
Planning Division



**Assistant Secretary: Marie - Claire Maney**  
Revenue Solicitors Division  
Investigations & Prosecutions Division



**Assistant Secretary: Brian Boyle**  
Personal Taxes Policy & Legislation  
Division



**Assistant Secretary: Charles Phelan**  
South West Region



Division/Region	Description of Revenue Role
<b>Corporate Services and Accountant General's Division</b>	Responsible for Revenue's human resource management strategies, including workforce planning, recruitment, training and capability development, financial and information management, corporate reform and internal audit functions. Also responsible for the accounting and reporting of all taxes and duties collected by Revenue and associated banking functions.
<b>Corporate Affairs and Customs Division</b>	Responsible for the development of policy, legislation and international functions for Customs. Also responsible for developing Revenue's corporate strategy, performance measurement and reporting, communications and statistics and economic research functions.
<b>Information, Communications Technology and Logistics Division</b>	Responsible for enabling Revenue achieve its strategic business goals through the provision of secure, reliable and quality information and communications technology services and through innovation, adaptability and new advances in technology. Also responsible for the management and delivery of logistical services central to running Revenue.
<b>Planning Division</b>	Responsible for overseeing the development and implementation of innovative operational business policies along with the design of new, enabling business processes. Also carries out evaluation of operational programmes and performance.
<b>Revenue Solicitors Division</b>	Responsible for providing comprehensive legal support services for Revenue including in the conduct of litigation and appeals and in the prosecution of criminal offences.
<b>Investigations and Prosecutions Division</b>	Also responsible for the management, development and co-ordination of Revenue's investigations and prosecution activity.
<b>Collector-General's Division</b>	Responsible for the collection and lodgement of the major taxes. Also responsible for the implementation of debt management programmes, including appropriate interventions to maximise timely compliance and for enforcement action against those who fail to comply.
<b>Personal Taxes Policy and Legislation Division</b>	Responsible for the development of personal tax and capital taxes policy at national and EU level and for managing policy, legislation and interpretation functions for personal and capital taxes (excluding capital gains tax).
<b>Business Taxes Policy and Legislation Division</b>	Responsible for the policy, legislation and interpretation functions for capital gains tax (CGT), corporation tax, incentives, financial services and other business taxes.
<b>International Tax Division</b>	Responsible for engagement with EU and OECD on direct taxation, including participation in, and appropriate responses to, the OECD/G20 Base Erosion and Profit Shifting (BEPS) project; expanding and updating Ireland's tax treaty network; transfer pricing-related, case-specific, mutual agreement procedures (MAP) and advance pricing agreement (APA) negotiations with other tax authorities, together with participation in OECD and EU transfer pricing policy development; ensuring Revenue is seen to provide, and receives, taxpayer-related information in accordance with exchange of information (EOI) agreements.
<b>Indirect Taxes Policy and Legislation Division</b>	Responsible for the development of indirect tax policy at national and EU level and for ensuring the efficient and effective administration of VAT, Excise and Vehicle Registration Tax.
<b>Border Midlands West Region</b>	Responsible for the management and development of service and risk-based compliance functions relating to customers resident in, and businesses managed and controlled in, the BMW Region. Also responsible for implementing Customs controls in the BMW Region and for national functions in the Central Repayments Office (Monaghan), VIMA Office (Dundalk), ROS Helpdesk (Castlebar) and the National Prosecutions & Seizures Office (Bridgend).
<b>Dublin Region</b>	Responsible for the management and development of customer service and risk-based tax and duty compliance functions in the Dublin Region, including the operation of Customs controls in Dublin Airport, Dublin Port and the Dublin Mail Centre and the administration of the National Stamp Duty Office.
<b>East &amp; South East Region</b>	Responsible for the management and development of service, compliance and audit functions relating to customers resident in and businesses managed and controlled in the East & South East Region. Also responsible for the Central Vehicle office, the National Excise Licensing office, and the Portlaoise Mail Centre.
<b>South West Region</b>	Responsible for the management and development of customer service and risk-based tax and duty compliance functions in the South West Region, including the national responsibility for the Maritime Unit and Deep Rummage Team.
<b>Large Cases Division</b>	Responsible for the management and development of service, compliance and audit functions relating to the largest businesses and wealthiest individuals in the State and for challenging tax avoidance transactions using the General Anti-Avoidance Rule.

## Internal Audit

Revenue's internal audit function is a key component of our corporate governance structure, bringing a systematic and disciplined approach to the evaluation of the internal control environment established by management. It reports weaknesses and makes recommendations for improvement, as appropriate, and provides the Chairman and the Audit Committee with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control in managing risk.

The service is performed in accordance with the globally recognised International Standards for the Professional Practice of Internal Auditing, and under an Internal Audit Charter that ensures unrestricted scope. Risk-based planning underpins the development and execution of annual programme of audit engagements. 27 audit engagements, comprising 16 internal audits and 11 follow-up reports on past internal audit recommendations, were completed in 2015.

## Audit Committee

The work of Internal Audit is monitored by an Audit Committee, which provides objective advice to the Board on Revenue's corporate governance regime, including the operation and development of the internal audit function.

Membership includes significant external representation with the appropriate expertise to carry out its work in a proactive and informed manner.

The Director of Internal Audit, while reporting functionally to the Board, maintains an independent reporting line to the Chairman of the Audit Committee on audit and risk related matters.

### Audit Committee Membership

- Gerry Kearney, Chairperson of the Committee, former Secretary-General of the Department of Community, Rural and Gaeltacht Affairs.
- Barbara Flood, Professor of Accounting and Deputy Dean at Dublin City University Business School.
- Richard Murphy, Principal Auditor, Local Government Audit Service, Department of Environment, Community and Local Government.
- Gerard Moran, Assistant Secretary, Indirect Taxes Division, Revenue.

## Oireachtas

In 2015, the Chairman and Revenue officials appeared before a number of Oireachtas Committees, including the Committee of Public Accounts, the Joint Committee on Finance, Public Expenditure and Reform and the Select Sub-Committee on Finance of that Committee.



## Ethics in Public Office Acts 1995 and 2001

All Revenue officials at Assistant Principal level and above, as well as certain other officials, involved, for example those involved in procurement decisions, are required to submit an annual Statement of Interests under these Acts. In addition, the Board members are required to submit a Certificate of Tax Clearance not more than nine months before or after taking up duty.

## Civil Service Code of Standards and Behaviour

The Code forms part of the terms and conditions of service of all Civil Servants. It underpins the existing rules in many areas, including Revenue's own Code of Ethics, and sets out the main principles, standards and values that the Civil Service espouses and upholds.

## The Civil Service Regulation (Amendment) Act 2005

The Civil Service Regulation (Amendment) Act 2005 gives each Secretary General/Head of Scheduled Office, as appropriate authority, responsibility for managing all matters relating to performance, conduct and discipline of civil servants below Principal Officer level. (Ministers and Government continue to be the appropriate authority for these matters in relation to civil servants at or above Principal level).

## Protected Disclosures Act 2014

Revenue is committed to fostering an appropriate environment for addressing concerns relating to potential wrongdoing in the workplace and to providing the necessary support for staff who raise genuine concerns. The Protected Disclosures Act 2014 requires every public body to establish and maintain procedures for dealing with protected disclosures and to provide written information relating to these procedures to workers. During 2015 no protected disclosures were made by any Revenue employee under the terms of the legislation.

The Director of Internal Audit in Revenue is a 'prescribed person' to receive disclosures from employees, other than Revenue employees, relating to all matters associated with the assessment, collection and management of taxes and duties and the implementation of customs controls. During 2015 one such disclosure was received by the Director of Internal Audit. The Director decided that the disclosure made did not warrant an investigation by Revenue.

Our [Policy on Protected Disclosure Reporting in the Workplace](#) is available on the Revenue website.

Other Governance activities in 2015:

- Revenue continues to work with the Department of Public Expenditure and Reform to ensure the efficient and effective operation of the Freedom of Information Act 2014. The number of FOI requests increased from 205 in 2014 to 234 in 2015. See **Table 27** on page 81.
- The Cost of Administration as a % of Gross Collection was 0.79%.

- Taxpayers who are dissatisfied with Revenue's handling of their tax affairs can have their case reviewed either internally by a senior Revenue officer or by an External Reviewer. Revenue received requests for 1 Internal and 17 External Reviews in 2015. See **Table 28** on page 82.
- The Ombudsman received 137 complaints relating to Revenue and finalised 133 complaints. See **Table 29** on page 82.
- Revenue is compliant with Prompt Payment of Accounts Act 1997 and the European Communities (Late Payment in Commercial Transactions) Regulations 2002 - see **Table 30** on page 82. 99% of all payments were made within 15 days. Revenue's Prompt Payment Returns are published on our website.
- The Chairman's office coordinated responses to 1,126 Parliamentary Questions and responded to 193 Representations from Public Representatives, details of which are published on the Revenue website.
- Revenue continued its commitment to energy saving in the workplace. We strengthened our involvement in the OPW Energy Awareness Campaign 'Optimising Power @ Work'. Currently there are Energy Teams operating in 41 of our offices. Revenue is also examining the feasibility of acquiring an ISO 50001 accreditation for energy management.

### Senior Management Changes

Following Top Level Appointments Commission (TLAC) competitions, the Minister for Finance, Michael Noonan TD, appointed:

- Brian Boyle, as Assistant Secretary on 14 May 2015. The Board assigned Mr. Boyle to Personal Taxes Policy and Legislation Division.
- Charles Phelan, as Assistant Secretary on 17 June 2015. The Board assigned Mr. Phelan to the South West Region.

## Tables

**TABLE 1: TOTAL AMOUNT COLLECTED/GROSS RECEIPTS**

	2015 €m	2014 €m
Income Tax, Income Levy & USC	20,188	19,049
Value-Added Tax	15,432	14,210
Corporation Tax	7,657	5,300
Excise	5,515	5,194
Stamp Duties	1,321	1,702
Capital Gains Tax	710	556
Capital Acquisitions Tax	405	361
Customs	333	277
Local Property Tax	474	497
Collection on behalf of other Departments/Agencies	9,914	8,913
<b>Total</b>	<b>61,949</b>	<b>56,060</b>

*Note: Any apparent discrepancies in totals are due to rounding.*

**TABLE 2: TOTAL REVENUE/NET RECEIPTS**

Duties, Taxes & Levies	2015 Net Receipts	2015 Budget Estimates	2015 Net Receipts +/- Budget Estimates	2014 Net Receipts
	€m	€m	€m	€m
PAYE Income Tax	10,950	10,975	-25	10,778
PAYE USC	3,640	3,710	-70	3,171
<b>Total PAYE Taxes</b>	<b>14,590</b>	<b>14,685</b>	<b>-95</b>	<b>13,950</b>
Self-Assessed Income Tax	1,434	1,349	84	1,332
Self-Assessed USC	534	465	69	476
<b>Total Self-Assessed Taxes</b>	<b>1,968</b>	<b>1,814</b>	<b>153</b>	<b>1,809</b>
Life Assurance Exit Tax	247	62	185	130
Deposit Interest Retention Tax	300	515	-215	435
Professional Services Withholding Tax	564	570	-6	533
Dividend Withholding Tax	600	265	335	195
Income Levy	3	0	3	4
Other Income Taxes (2)	71	69	3	78
<b>Net Yield – Taxes on Income</b>	<b>18,344</b>	<b>17,980</b>	<b>364</b>	<b>17,133</b>
VAT – on imports	1,577	1,561	16	1,478
Internal VAT – (incl. VAT MOSS)	10,361	10,214	147	9,679
<b>Total Value Added Tax</b>	<b>11,938</b>	<b>11,775</b>	<b>163</b>	<b>11,157</b>
Excise (3)	5,463	5,413	50	5,134
Corporation Tax	6,873	4,575	2,298	4,617
Stamp Duty on Shares	424	330	94	282
Stamp Duty on Property	301	320	-19	275

Other Stamp Duty	551	535	16	1,122
<b>Total Stamp Duties</b>	<b>1,276</b>	<b>1,185</b>	<b>91</b>	<b>1,680</b>
Capital Gains Tax	692	415	277	539
Capital Acquisitions Tax	400	400	0	356
Customs (4)	331	285	46	275
Local Property Tax	469	440	29	493
<b>Total (1)</b>	<b>45,786</b>	<b>42,468</b>	<b>3,318</b>	<b>41,383</b>

**Note:** Any apparent discrepancies in totals are due to rounding.

1. The figures for 2015 Net Receipts are some €185 million more than the comparable figure for tax revenue receipts published in the end of 2015 Exchequer Returns because of timing and accounting procedures.
2. Other income taxes comprises of net Relevant Contracts tax and Back Duty.
3. A tobacco levy of €168 million, which is directly paid over by Revenue to the Health Service Executive, is included in the Excise receipts in Table 1 and Table 2, even though it is not included in the end year Exchequer Returns as tax revenue.
4. 75% of the amount of Irish Customs collected is paid to the EU as part of the Irish contribution to the EU Budget known as 'Own Resources'. The remaining 25% is retained by the State as collection expenses. For Customs collected on behalf of other Member States, 12.5% is retained by the State.

**TABLE 3: LOCAL PROPERTY TAX COLLECTION/COMPLIANCE FOR THE TAX YEAR 2015**

	2015	2014
Properties Returned	1.86 million	1.87 million
Compliance Rate	97%	98%
Collected*	€488 million	€525 million

\*Local Property Tax receipts in Table 2 reflect €469 million LPT payments collected during 2015, €405 million of which relate to the LPT for tax year 2015 (the remainder are late payments for 2013 and 2014 or prepayments for 2016). LPT receipts in Table 3 reflect €488 million LPT payments collected for the tax year 2015 (€405 million received in 2015, €39 million in 2014 and €44 million to 31 March 2016).

**TABLE 4: LOCAL PROPERTY TAX PAYMENT METHODS**

Payment Method	% of Payments
Credit Card	6.4%
Debit Card	17.3%
Direct Debit	22.5%
Single Debit Authority	22.8%
Deduct at Source*	12.6%
Service Provider**	14.2%
Other Payment	4.3%

\*This payment type includes mandatory deduction at source.

\*\*Payzone, Omnivend, An Post, PayPoint.

**TABLE 5: RELEVANT CONTRACTS TAX**

Contracts/Payments Notified to Revenue*	No./Value	% Change 2015 v 2014
No. of Contracts	370,920	16%
Value of Contracts	€31,695m	10.3%
No. of Payments	936,415	16.4%
Value of Payments	€11,886m	17%

\*Principal contractors are obliged to supply Revenue, via the Revenue Online Service, with details of all contracts entered into with, and payments to be made to, subcontractors.

**TABLE 6: 'PAYE ANYTIME' SERVICES**

	2015	% Change 2015 v 2014
PAYE Anytime Unique Users*	532,421	20%
Total number of transactions	747,668	16%

\*The total number of individuals who logged in to PAYE anytime.

**TABLE 7: ELECTRONIC BUSINESS**

	2015	2014	% Change
No of Payments	1,880,210	1,691,509	11.2%
Value of Payments	€47,124m	€42,084m	12%
No. of Repayments	664,257	601,918	10.4%
Value of Repayments	€4,540m	€3,879m	17%
No. of Returns	5,314,703	5,012,351	6%

**TABLE 8: DIESEL REBATE SCHEME**

Total No. of Customers	Total No. of Claims	Value of Claims Repaid	No. of Claims Repaid	Amount Repaid	Amount Offset*	Amount Still to be Repaid
1,780	4,889	€9, 933,562	4,117	€7,766,769	€1,028,197	€1,138,596

\*Amount offset against other taxes due by the customer rather than being repaid.

**TABLE 9: VOLUME OF BUSINESS 2015**

	Volume in 2015	% Change 2015 v 2014
PAYE Employments	2,511,198	4.1%
Self-Assessment (Income Tax)	665,516	4%
Companies	175,928	4.9%
VAT Registrations	249,406	1.2%
<b>Contacts</b>		
1890 Telephone Calls	2,035,150*	-11.2%
Visits to the Revenue website (www.revenue.ie)	32,470,764	5.1%

\*Includes 386,281 calls in respect of Local Property Tax handled by an external service.

**TABLE 10: CUSTOMER SERVICE STANDARDS AND RESULTS**

Service	Standard	Results 2015
Complaints	Processed within 20 working days	89%
Telephone Service	PAYE 1890 calls: 50% within 30 secs 85% within 3 mins 100% within 5 mins	25% within 30 secs 56% within 3 mins 75% within 5 mins
	Other calls answered: 50% within 30 secs 85% within 3 mins 100% within 5 mins	72% within 30 secs 92% within 3 mins 96% within 5 mins
Registrations	PAYE Customers registering for PAYE anytime, passwords will be issued within 5 working days by ordinary post.	82%
	Business customers registering for ROS, passwords will normally be issued within 8 working days by ordinary post.	100%
	Business customers registering for secure email, passwords will normally be issued within 3 working days by ordinary post.	88%
Returns, Declarations Applications	ROS 100% processed within 5 working days	100%
	Non ROS 80% processed within 10 working days	78%
	Non ROS: 100% processed within 20 working days:	87%
	AEP Immediate Response	96%
Repayments	ROS 100% within 5 working days	85%
	Non ROS 80% processed Within 10 working days	81%
	Non-ROS 100% processed within 20 working days	93%
Correspondence, e-mail, fax	50% 10 working days	67%
	85% 20 working days	83%
	100% 30 working days	91%
Applications for Tax Clearance Certificates	100% processed within 5 working days	88%
Application for Non-Resident Tax Clearance Certificates	100% processed within 5 working days	99%
Applications for Standards in Public Office Tax Clearance Certificates	100% processed within 5 working days	92%



**TABLE 11: AVERAGE PERCENTAGE OF TAX COLLECTED WITHIN THE DUE MONTH BY TAX**

Taxhead	2015
PAYE/PRSI	96%
VAT	91%
Income Tax (Non PAYE)	97%
Capital Gains Tax	89%
Corporation Tax	97%
Relevant Contracts Tax	90%

**TABLE 12: RETURN/PAYMENT COMPLIANCE BY CASE SIZE**

Case Size *	Due Month Compliance 2015	Due Month Compliance + 1 2015
Large Cases	95%	98%
Medium Cases	91%	97%
All Other Cases	74%	85%

\*Definition of Terms:

- Timely compliance is defined using risk criteria and is calculated on a weighted basis for the main taxes (employers PAYE/PRSI, VAT, Corporation Tax, Income Tax and Relevant Contracts Tax).
- A Large Case is a customer paying over €500,000 in a year, a Medium Case is a customer paying between €75,001 and €500,000 and an Other Case is a customer paying €75,000 or less.
- Due month compliance represents tax paid in the calendar month in which it is due.
- Due month +1 represents compliance in the month following the payment-due date.

**TABLE 13 COLLECTION ENFORCEMENT PROGRAMMES**

Enforcement	2015			
	No. of Cases	No. of Referrals	Value of Referrals (€m)	Yield (€m)
Solicitor	3,056	3,505	126,228,511	36.1
Sheriff	21,291	28,477	254,946,279	142.3
Attachment	3,470	5,037	145,887,730	26.2
<b>Total</b>	<b>27,817</b>	<b>37,019</b>	<b>527,062,520</b>	<b>204.6</b>

**TABLE 14: OVERSIGHT OF CORPORATE AND PERSONAL INSOLVENCY**

	2015	% Change 2015 v 2014
Companies wound-up via Creditor Voluntary Liquidations	725	-27.3%
Companies wound-up on foot of a Court Order	52	-37.4%
Receiverships	260	-49.3%
Examinerships	31	-18.4%
Declared Bankrupt (individuals)	542	-2.3%
Irish Bankruptcies*	*506	7%
Of which Revenue petitioned	11	37.5%
Creditor Meetings Attended	207	-7.2%
Revenue Petitions to High Court for Appointment of a Liquidator	24	-35.1%

\*This figure refers to cases where persons were declared bankrupt in Irish Courts. Notification was also received in relation to 36 cases where the bankruptcy was declared outside Ireland and Revenue was a creditor.

**TABLE 15: AUDIT AND COMPLIANCE INTERVENTION ACTIVITY**

Type of Intervention	Completed 2015	Yield €m	Completed 2014	Yield €m
Comprehensive (All taxheads) Audits	4,324	€229.0	4,977	228.6
Multi Tax/Duty Audits	617	€39.4	708	25.7
Single Tax/Duty Audits	1,405	€40.6	1,478	66.8
Single Issue/Transaction Audits	266	€18.8	473	17.6
<b>Total Audit Intervention</b>	<b>6,612</b>	<b>€327.9</b>	<b>7,636</b>	<b>338.8</b>
Risk Management Interventions	191,089	€289.5	191,429	240.5
Assurance Checks	221,391	€7.8	196,748	9.5
PAYE Compliance Checks	42,493	€16.0	41,368	21.6
Investigations	6	€1.3	-	-
<b>Total Interventions</b>	<b>461,591</b>	<b>642.5</b>	<b>437,181</b>	<b>610.4</b>

**TABLE 16: RANDOM AUDITS COMPLETED – 2015 v 2014 PROGRAMME**

	2015		2014	
	No. of Cases*	% of Finalised Cases	No. of Cases	% of Finalised Cases
Nil	170	62.96%	173	64.07
< €2,000	50	18.52%	51	18.89
€2,001 to €5,000	15	5.55%	23	8.52
€5,001 to €10,000	14	5.19%	11	4.07
€10,001 to €20,000	9	3.34%	11	4.07
€20,001 to €50,000	7	2.59%	1	0.38
> €50,000	5	1.85%	0	0
<b>Total</b>	<b>270</b>	<b>100%</b>	<b>270</b>	<b>100</b>

\* The total Random Audit Programme in 2015 was 400 cases. The balance were ongoing at 31/12/2015.

**TABLE 17: SPECIAL INVESTIGATIONS**

Investigation	Yield in 2015 €m	Cumulative Yield €m	Total Cases
Bogus Non Resident Accounts	-	649.07	12,175
Offshore Assets	8.22	1,017.31	15,359
Trusts and Offshore Structures	52.17	117.34	502
Life Assurance Products	0.05	490.41	5,553
Ansbacher	-	112.77	143
DIRT	-	225.00	25
Moriarty/Mahon	2.69	45.76	29
NIB	-	60.14	312
Interest Reporting	0.51	90.37	1,258
<b>Total</b>	<b>63.64</b>	<b>2,808.17</b>	<b>35,356</b>

**TABLE 18: SUMMARY OF SECTORAL AUDIT RESULTS**

Sector	No. of audits	Yield	Risk Management Interventions (RMI)	Yield
Construction	763	29,973,678	15,115	20,769,419
Retailers	635	13,632,342	8,244	21,230,201
Rental	427	21,096,429	5,288	26,689,067
Wholesalers	400	12,202,335	6,018	44,121,249
Pubs	228	8,250,572	2,201	2,753,569
Restaurants and Fast Food outlets	185	5,603,995	2,358	3,509,644
Doctors	97	7,801,295	376	3,284,089
Accounting, book-keeping and auditing Activities	110	3,926,028	906	2,143,012
Legal Activities	69	1,561,186	558	4,696,628
<b>Total</b>	<b>2,914</b>	<b>104,047,860</b>	<b>41,064</b>	<b>129,196,878</b>

Note: These results are included in overall results on Table 15.

**TABLE 19: DRUGS SEIZURES IN 2015**

Type of Drug	Number of seizures	Quantity (kg)	Value (€m)
Cannabis (Herbal & Resin)	1,024	626.0	12.41
Cocaine & Heroin	92	95.4	6.69
Amphetamines, Ecstasy & Other	3,710	655.8	3.99
<b>Total</b>	<b>4,826</b>	<b>1,377.2</b>	<b>23.09</b>

**TABLE 20: EXCISABLE PRODUCTS SEIZED IN 2015**

Product	Number of Seizures	Quantity	Value (€m)
Cigarettes	5,927	67.9m	34.41
Tobacco	1,227	2,364kg	1.09
Alcohol (Beer, Spirits, Wine)	938	45,842 Litres	0.61
Illicit Mineral Oil	47	215,132 Litres	-
Oil Laundries	-	-	-
Vehicles <sup>(1)</sup>	1,364	-	-

(1) Vehicles seized for marked mineral oil offences, Vehicle Registration Tax offences and because of use in connection with alleged offences under Customs or Excise law.

**TABLE 21: PROSECUTIONS FOR SERIOUS EVASION 2015**

During 2015	Total
No. of convictions obtained	28
No. of cases referred to DPP	9
No. of cases for which DPP issued directions	11
<b>Total</b>	<b>48</b>
At year end	
No. of ongoing investigations	122
No. of cases where directions issued by DPP but not yet in Courts process	11
No. of cases before the Courts	37
<b>Total</b>	<b>170</b>

**TABLE 22: SUMMARY CRIMINAL CONVICTIONS 2015**

Summary Cases	No. of Convictions
Cigarette Smuggling	32
Cigarette Selling	73
Alcohol Tax Evasion	2
Counterfeit Spirits	3
Prohibited Goods	1
Commercial Oil	1
Marked Mineral Oil	310
VRT	15
Excise Licence	93
Tax Cases	13
Non-Filing of Tax Returns	713
VAT/P35 Prosecution Programme	42
Intrastat Non-Compliance	5
<b>Total</b>	<b>1,303</b>
<b>Total fines imposed</b>	<b>€3,861,134</b>

**TABLE 23: CIVIL PENALTIES FOR NOT FILING RETURNS**

Non-Filing Programme	Civil Penalties
P35 Penalty Programme	614 cases, penalties raised €2,456,000
VAT Penalty Programme	108 cases, penalties raised €432,000
VIES Non-Compliance	1 case, €113 paid

**TABLE 24: MUTUAL ASSISTANCE REQUESTS**

Mutual Assistance Request	Received 2015	Sent 2015
From/to EU Member States	1,315	683
From/to other countries	71	77
<b>Total</b>	<b>1,386</b>	<b>760</b>
Europol Requests	768	163

**TABLE 25: MUTUAL AGREEMENT PROCEDURES (MAPs)**

	Opening Inventory on 01/01/2015	Initiated during 2015	Completed during 2015	Ending Inventory on 31/12/2015
MAPs under Double Taxation Agreement or EU Arbitration Convention*	29	12	12	29

\*Includes transfer pricing cases submitted under the EU Arbitration Convention

**TABLE 26: ADVANCE PRICING AGREEMENTS (APAs)**

	Number of formal APA requests received in 2015	Number of APAs granted in 2015	Total number of APAs in force at start 2015	Total number of APAs in force at end 2015
APAs under Double Taxation Agreement	4	2	8	9

**TABLE 27: FOI REQUESTS**

FOI Requests	2015	2014
Received	234	205
Released in Full	47	51
Released in Part	105	106
Refused	43	25
Dealt with outside of FOI/Withdrawn/Transferred	35	27
Requests for Internal Review	15	25
Appeals to the Information Commissioner	9	2

**TABLE 28: INTERNAL & EXTERNAL REVIEWS IN 2015**

	Internal	External	2015 Total
Requests brought forward	0	3	3
Number Received	1	17	18
Number Finalised	1	13	14
Decision in favour of taxpayer	0	2	2
Decision against taxpayer	1	9	10
Decision Revised/Partly Revised	0	2	2
Withdrawn or agreed prior to being sent to Reviewers	0	0	0

**TABLE 29: COMPLAINTS RELATING TO REVENUE COMPLETED BY THE OMBUDSMAN IN 2015**

Total Completed and Outcome	Number of Complaints
Upheld	10
Partially Upheld	0
Not Upheld	29
Assistance Provided	12
Discontinued/Withdrawn	9
Discontinued Premature	73
Outside Remit	4
<b>Total</b>	<b>137</b>

**TABLE 30: 2015 COMPLIANCE WITH PROMPT PAYMENT OF ACCOUNTS ACT**

Payment made	Number	Value €000	% of total payment value
Within 15 days	15,797	133,982	99.094
Within 16 to 30 days	464	1,209	0.894
In excess of 30 days	38	16	0.012
<b>Total</b>	<b>16,299</b>	<b>135,207</b>	<b>100.000</b>

Additional Information	Number	Value €000
Invoices recorded as disputed in year	1	9
Interest and compensation paid on late payments	38	2
Average days taken to make a payment	7	



## Appendix 1 - Donation of Heritage Items

Section 1003 of the Taxes Consolidation Act 1997 provides for a credit against tax liability where a taxpayer donates certain heritage items to the national collections. The following items were donated in 2015:

*A village kermesse near Antwerp by David Teniers valued at €2,000,000.*

*The McDermott archive valued at €200,000.*

Since 2009, the tax credit available to the donor of heritage items is an amount equal to 80% of the market value of such items, where the market value is established under the terms of section 1003. The value shown is the market value of the items.

### Donation of Heritage Property to the Irish Heritage Trust/Commissioners of Public Works in Ireland

Section 1003A of the Taxes Consolidation Act 1997 provides for a credit against tax liability where a taxpayer donates certain heritage property to the Irish Heritage Trust or the Commissioners of Public Works in Ireland. The following property was donated in 2015:

*Annes Grove Demesne, valued at €1,750,000.*

For determinations made since 27 March 2013, the tax credit available to the donor of heritage property is an amount equal to 50% of the market value of such properties, where the market value is established under the terms of section 1003A. The value shown is the market value of the property.

# Revenue



Cáin agus Custaim na hÉireann  
Irish Tax and Customs

## **Statement of Strategy Ráiteas Straitéise 2015-2017**

## Foreword by the Revenue Board

Following a number of very challenging years, the Irish economy is on a pathway to recovery which is reflected in increased Exchequer receipts. 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. These receipts underpin Government's capacity to meet our debt obligations and to fund vital services and facilities for society.

We are a compliance focused organisation that aims to provide excellent service so that our customers can be voluntarily compliant. We acknowledge the efforts of the overwhelming majority of our customers and those who work on their behalf who file their returns and pay the taxes and duties they owe on time and without direct intervention by us.

Our Statement of Strategy 2015-2017 has been framed around two key strategic priorities – to make it easier and less costly to voluntarily comply and to identify and confront non compliance. Self service and electronic channels will be our primary service provision channels. We will prioritise investment in these channels to assure the quality, timeliness and ease of understanding of the information and support provided through these channels. We will actively encourage and support engagement with us through these channels. Where electronic or self service engagement is not a viable option, we will prioritise an excellent telephone service experience that is organised around the needs of our customers. It will be of a very high quality, delivering early resolution to our customers' enquiries.

A very important underpinning of our commitment to support voluntary compliance is that we confront non compliance on a risk priority basis. As a compliance organisation it will come as no surprise that compliance is and will be a key focus for us in the next three years. To this end we are committed to further the work we have been doing to maximise the use of data and the deployment of analytics and risk assessment approaches to identify the incidence, scale and significance of non compliance and to target our resources to successfully confront and overcome those risks. We are determined to challenge all forms of shadow economy activity, to tackle organised crime activity and smuggling and to confront aggressive tax and duty avoidance.

We have identified the key strategic drivers that will position us to deliver on our ambition and commitments in this strategy. This requires mobilisation and engagement of the Revenue organisation and collaboration and engagement both nationally and internationally so that we meet the challenges ahead. We are confident, based on our strong performance to date, that we will deliver the commitments in this strategy statement.

Niall Cody  
**Chairman**

Liam Irwin  
**Commissioner**

Gerry Harrahill  
**Commissioner**

**To serve the Community by fairly and efficiently collecting taxes and duties and implementing customs controls**

### **Service for Compliance**

Make it easier and less costly to voluntarily comply

### **Confront Non-Compliance**

To identify and effectively confront non-compliance

### **Drivers**

#### **People, Performance and Structures**

An efficient, sustainable, agile and engaged organisation with strong governance delivering quality performance

#### **Technology and Business Processes**

Maximise the effective deployment of technology and the efficiency of our business processes

#### **Data Analytics and Risk Assessment**

Use data, analytics and risk assessment as a primary driver for service delivery and compliance interventions

#### **Policy and Legislation**

Leverage legislation and partnerships to reinforce compliance and contribute to economic development

#### **International**

Maximise our contribution and influence on international tax and customs administrative issues

## Statement of Strategy 2015-2017

**Our Mission:** To serve the Community by fairly and efficiently collecting taxes and duties and implementing customs controls

### Our Culture, Ethos and Values

- We are a customer centric, compliance orientated tax and customs administration
- We strive to deliver excellent service that facilitates voluntary compliance
- We address significant risks and apply the law in a fair, even-handed and consistent manner
- We presume honesty and give respect and courtesy
- We secure and protect data and information and meet our confidentiality obligations
- We acknowledge and learn from our mistakes and put things right
- We use data, intelligence and risk analysis to identify, target and confront suspected non-compliance and minimise intrusion on compliant taxpayers
- We innovate to simplify processes and improve our effectiveness and performance
- We build partnerships and engage with stakeholders to support compliance
- We value and support our people on whom we depend for success
- We promote a culture of best practice in how we administer tax and duty collection
- We act with integrity and professionalism supported by strong leadership, openness and accountability

Strategies	Priorities	Objectives
Service for Compliance	<ul style="list-style-type: none"> <li>- Collect the right taxes and duties at the right time and reduce debt owing to the Exchequer</li> <li>- Provide high quality services, in particular premium digital and self services, easily understood information and relevant supports</li> <li>- Design quality processes and procedures based on customer segmentation</li> <li>- Influence legislation for compliance</li> <li>- Research and implement innovations that maximise voluntary compliance</li> <li>- Develop and implement a "Customer Engagement" Strategy</li> <li>- Review support frameworks for businesses with cash flow challenges</li> <li>- Evaluate a new framework for PAYE based on real time reporting</li> <li>- Participate fully in the reform of the tax appeals process and implement necessary changes</li> <li>- Minimise the compliance burden on our customers</li> </ul>	Make it easier and less costly to voluntarily comply
Confront Non-Compliance	<ul style="list-style-type: none"> <li>- Use emerging and available data sources, analytics and risk assessment to predict and limit potential non-compliance, in particular shadow economy activities</li> <li>- Apply our new intelligence framework and risk assessment approaches to inform the deployment of specialist and dedicated teams</li> <li>- Confront and disrupt shadow economy activities, fraud, illicit trade, smuggling, organised crime activities and aggressive tax and duty avoidance</li> <li>- Conduct the right intervention on the right customer at the right time.</li> <li>- Embed best practices in case selection, case working and intervention processes</li> <li>- Identify and remove opportunities for non-compliance</li> <li>- Identify and confront new and emerging forms of non-compliance</li> <li>- Investigate and prioritise for prosecution cases of serious tax and duty evasion and fraud</li> <li>- Leverage opportunities provided by the regulatory framework to limit the scope for non-compliance and aggressive avoidance</li> </ul>	To identify and effectively confront non-compliance

Strategic Drivers				
<b>People, Performance and Structures:</b> An efficient, sustainable, agile and engaged organisation with strong governance delivering quality performance	<b>Technology and Business Processes</b> Maximise the effective deployment of technology and the efficiency of our business processes	<b>Data, Analytics and Risk Assessment:</b> Use data, analytics and risk assessment as a primary driver for service delivery and compliance interventions	<b>Policy and Legislation:</b> Leverage legislation and partnerships to reinforce compliance & contribute to economic development	<b>International:</b> Maximise our contribution and influence on international tax and customs administrative issues
<ul style="list-style-type: none"> <li>• Attract and recruit talented people</li> <li>• Build and retain internal capacity and expertise by developing our staff and leaders</li> <li>• Enhance knowledge management processes</li> <li>• Match structures and resources to strategies and reshape workforce / structures for emerging future needs</li> <li>• Deepen staff engagement and communications</li> <li>• Progress Government renewal and reform programmes</li> <li>• Further integrate governance and corporate risk processes</li> <li>• Support and improve good performance and confront persistent underperformance</li> </ul>	<ul style="list-style-type: none"> <li>• Deliver excellent digital internal and external services and harness innovations to serve future needs</li> <li>• Ensure security and privacy through the application of effective security approaches</li> <li>• Implement durable governance frameworks to ensure excellence in project and service delivery</li> <li>• Continually refine and optimise our business processes to enhance services, address risks and deliver quality outcomes with tangible value for money</li> <li>• Contribute to cross Government programmes and the achievement of regulatory obligations</li> </ul>	<ul style="list-style-type: none"> <li>• Maximise access to and use of data, intelligence and analytics to               <ul style="list-style-type: none"> <li>◦ optimise the management of service demand and provision of excellent services</li> <li>◦ inform and support the effective management of risk</li> <li>◦ enhance the impact of our risk based interventions</li> </ul> </li> <li>• Develop and deploy data mining and analytical skills, with appropriate governance, to manage and analyse data and develop good quality intelligence</li> <li>• Use data analytics to inform evidenced based decision-making and assess the impacts of our actions and strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Provide high quality input and advice to the Department of Finance in support of compliance and modern tax and customs processes and in the development of tax policy</li> <li>• Contribute to implementing the Road Map for Tax Competitiveness</li> <li>• Work in partnership with all key stakeholders to provide quality services and confront non-compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Advance Ireland's tax and customs agenda at international levels</li> <li>• Actively participate in international fora to represent Ireland's interests on tax and customs matters</li> <li>• Extend our tax treaty network to support investment and trade</li> <li>• Contribute to the implementation of OECD and related international initiatives</li> <li>• Advance the international exchange of information and mutual agreement procedures between tax administrations</li> <li>• Secure resources to strengthen expertise on international business and taxation issues</li> <li>• Maintain Ireland's standing as a country committed to tax transparency</li> </ul>

Intended Outcomes
<ul style="list-style-type: none"> <li>• The right amount of tax and duty collected</li> <li>• Voluntary compliance supported and facilitated</li> <li>• The level of debt to Exchequer reduced</li> <li>• Information and services provided that meet customers needs with queries resolved speedily</li> <li>• Customer engagement strategy successfully rolled out, evidenced by high quality and secure digital and self service channels and an excellent service experience</li> <li>• High voluntary compliance levels maintained</li> <li>• Quality risk targeted case working interventions successfully conducted leading to increased compliance</li> <li>• Revenue's reputation enhanced as a leading customer centric, risk focussed and results orientated tax and customs administration</li> <li>• Ireland's economic development supported</li> </ul>

