

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

Annual Report 2010

Eighty-eighth Annual Report of the Revenue Commissioners for the year ended 31 December 2010, 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 2011

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Board's Review of 2010

Following two years during which the Irish economy contracted sharply, the indications at the end of 2010 were that the contraction, though ongoing, was moderating. The scale of the retrenchment in fiscal terms, however, has been enormous. Net tax and duty receipts for 2010, at €31.9 billion, while 2.25% ahead of the Budget target, were at levels last seen in 2003, and down 33% on peak receipts in 2007. That said, receipts stabilised as the year progressed, exceeding expectations by increasing amounts in the final three quarters of the year, supported in the main by stronger than expected Corporation Tax results. However, Income Tax receipts remained weak, reflecting growing unemployment and widespread wage reductions.

Total outstanding tax debt fell by 1.6% year on year to €2.08 billion, but still remains at a high level. Debt available for collection fell by almost 3.8% to €1.39 billion.

The rate of timely compliance held firm in 2010 across all case sizes - a significant achievement in light of the extremely challenging economic and financial environment in which businesses have been operating.

The maintenance of a high level of timely compliance is a task that requires sensitivity and sound judgement, as many businesses and individuals struggle to make ends meet. Our approach is tempered by a concern not to impose undue burdens on taxpayers experiencing temporary cash flow difficulties. We can, and do, put alternative payment arrangements in place to help customers through difficult periods. That said, Revenue is not a lender of last resort and our guiding principles are to ensure that all tax due is paid and that all customers operate on a level playing field. We repeatedly advise taxpayers with cash flow problems to engage with us at the earliest possible opportunity.

Revenue's Customs Service applied a similarly measured approach to protecting our borders. Our interventions were intelligence-led and risk-based, designed to maximise results while minimising the impact on legitimate trade. International security concerns also informed our interventions and we worked in partnership with overseas Customs and law enforcement agencies to combat organised crime and terrorist threats.

Following the loss of 227 staff last year, we filled some of the key vacancies by a programme of targeted recruitment, including candidates from outside the public sector. Mitigating the effects of loss of corporate knowledge will feed into our training and recruitment policies for the foreseeable future.

Revenue's role in Irish society has never been more important. The current economic situation requires that we do all in our power to assist the Government to put the national finances back on track. Our mission: 'To serve the community by fairly and efficiently collecting taxes and duties and implementing Customs controls' means that the day-to-day work we do in offices up and down the country is vital for the future wellbeing of our economy and of the Irish people. And, despite – or maybe because of - the challenging circumstances, we are doing a good job. This was independently acknowledged in the Government's Organisational Review Programme (ORP) Report.

Refining our Strategic Direction

During 2009 we reviewed and revised our Statement of Strategy 2008 – 2010 to ensure that it remained fit for purpose in a rapidly changing economic environment. In January 2010, on foot of the revised Statement of Strategy, we circulated to staff our key corporate priorities for the year ahead, to ensure that everyone had a clear understanding of where we were headed as an organisation.

Later in 2010, we organised an intranet-based, Revenue-wide consultation process to canvass staff for suggestions for our next Statement of Strategy, covering the period 2011 – 2013. We also undertook an extensive consultation process with our external stakeholders. The consultation processes contributed significantly to the shape of the final document.

Collection

Net receipts amounted to €31.92 billion, just over €0.7 billion (2.25%) ahead of the Budget estimate, but down €1.36 billion (4.1%) on the corresponding figure for 2009.

Most taxheads showed year on year decreases, with Capital Gains Tax exhibiting the biggest fall, down 36.7% on the 2009 figure. By way of contrast, both Customs and Corporation Tax receipts increased by 10.1% and 1.4% respectively.

The Income Levy, in its second year, increased by 27.1% to €1.45 billion. [Table 2: Total Revenue/Net Receipts].

Debt Management

Debt available for collection in 2010 was €1,389 million, down from €1,443 million in 2009. Debt available for collection as a percentage of total gross receipts was 2.92%, up from 2.8% in 2009. Debt over 3 years old available for collection in 2010 was €472 million, up from €366 million in 2009.

Revenue is developing a model to analyse and forecast the debt available for collection.

Compliance

Non-compliance is an ever-present challenge for Revenue administrations, but in periods of recession this challenge grows. In the current economic environment in Ireland, with many financially distressed businesses struggling to survive and individual taxpayers experiencing significant reductions in their incomes, non-compliance will grow unless there is a very strong and visible response by Revenue. Nothing less can maintain public confidence in the administration of the tax system and customs controls.

The emphasis in 2010 was on tackling the shadow economy by a combination of risk analysis, intelligence collation, assurance checks and outdoor operations including audit and investigation. All four Revenue Regions conducted a wide range of investigations into shadow economy activity and cash businesses. These ranged from sector-specific projects targeting business areas including headshops, security companies, fast-food outlets, building sites and car clampers to 'streetscapes', where every business in a particular street is visited. Many of these projects included using the Joint Investigation Units, in conjunction with the Department of Social Protection, the National Employment Rights Authority and other agencies to combat tax and social welfare fraud and protect employment rights.

Our auditors carried out 11,008 audits resulting in a yield of €434.7 million. A total of 454,796 assurance checks, a less intrusive form of intervention, produced a yield of €58 million. [Table 6: Audit and Assurance Interventions 2010].

At the sharp end of compliance, Revenue secured 13 Court convictions for serious tax and duty evasion in 2010. One 15-month custodial sentence, seven suspended sentences and fines amounting to €16,350 were also imposed. [Table 12: Prosecutions for Serious Evasion 2010].

In addition, fines amounting to €1.1 million were imposed in 519 summary prosecution cases.

The Financial Services Banking area in Large Cases Division monitored and responded to tax issues arising from the banking crisis and the restructuring currently taking place in the sector.

We enhanced our Risk Evaluation and Analysis Programme (REAP) during the year by adding new information sources, including Taxi Regulator data, Non-Principal Private Residence Levy (NPPR) data, Private Residential Tenancies Board (PRTB) data, Excise licence details, non-filer prosecution lists and suspicious transaction reports. In addition, the system to predict potential audit yield set up by Revenue in 2009 as an extension to REAP was successfully piloted. A further model was developed in 2010 and the summarised output from this model has now been incorporated in the current live REAP runs to assist in better target selection.

Revenue is also receiving information and documents from NAMA on certain eligible bank assets and the details are being analysed to identify any tax implications.

Protecting Society

Revenue plays a frontline role in protecting society from smuggling and associated criminal activity. Our interventions are intelligence-led and tightly focussed in order to minimise disruption to legitimate trade.

The threat posed to Exchequer receipts from cigarette smuggling is substantial. In July 2010, we initiated a programme of nationwide blitz-type tobacco operations, which concentrated additional Revenue resources at ports, airports and at various retail points, such as shops, markets and street traders, for the purpose of identifying and seizing illicit tobacco products. Three such operations were mounted in 2010, resulting in the seizure of more than 15 million cigarettes and 370kgs of tobacco.

In total, during 2010, we made over 9,000 seizures of 178 million cigarettes and over 1,000 seizures of tobacco, with an overall value of €76.4 million. In addition, we established a new confidential hotline for information on cigarette smuggling and participated in the newly established Cross Border Tobacco Enforcement Group. We also co-hosted a conference on EU-US cooperation to combat tobacco smuggling.

On the illicit drugs front, seizures of cannabis were down by almost 38% on 2009 levels while seizures of cocaine and heroin increased by 25%. Seizures of criminal cash increased by 26% to €1.7 million. Revenue works on an ongoing basis in the fight against drug smuggling with our Joint Task Force colleagues in An Garda Síochána and the Naval Service.

The second series of the fly-on-the-wall documentary 'Customs' was screened on RTE 1 towards the end of 2010. The series gave an unvarnished look at the daily work of Customs officers around the country and served to highlight the vital role they play in protecting society from the consequences of smuggling and other cross-border crime.

Service to Taxpayers and Business

Throughout 2010, Revenue continued to encourage taxpayers to claim their entitlements. Activities undertaken include advertising, provision of information on our website and to journalists, and direct marketing. For example, 110,000 information leaflets on Tax Relief for Medical Expenses were produced and placed in doctors' surgeries. Increasingly, we are encouraging customers to claim those expenses online. It gives them a better service and is more efficient for Revenue.

Our programme of making automatic tax refunds wherever possible continued. We issued over 33,000 automatic refunds to the value of €3.3 million in respect of the costs of prescription drugs. 408 automatic refunds amounting to over €205,000 were issued in respect of tuition fees paid for approved third level college courses.

During 2010, we comprehensively updated our Employer's Guide to PAYE and the VAT on Property Guide to take account of recent legislative changes.

A measure of our success in doing so is the fact that, for the fourth year running, Ireland was ranked the easiest country in the EU in which to pay taxes (according to 'Paying Taxes 2011 – The Global Picture', a report by PricewaterhouseCoopers, the World Bank and the International Finance Corporation). The second report published under the Government's Organisation Review Programme was also complimentary – 'In terms of managing delivery, customer service is very strong and there is openness to innovation that will continue to serve the organisation well'. This recognition has not made us complacent, however, but rather spurred us on to make further improvements.

Online Services

The range and quality of the online services we have made available to our customers has increased substantially in recent years. By the end of 2010, a total of 504,557 customers had registered for our on-line 'PAYE *Anytime*' service, an increase of over 36% on 2009. There were 360,624 transactions through the service, up 7.1% on the previous year.

Phase Two of Mandatory e-Filing came into effect on 1 January 2010 and extended the mandatory provisions for e-filing and paying via the Revenue Online Service (ROS) to various public bodies, local authorities and state agencies and other large companies.

The scope of our eRegistration service was widened to enable businesses to register via ROS for a wide range of taxes, including Income Tax, Corporation Tax, Employer's PAYE/PRSI, VAT and Relevant Contracts Tax.

Ireland is now ranked 1st in Europe for the provision and sophistication of online services to businesses and citizens – according to the 9th European Commission eGovernment Benchmarking exercise, *Digitising Public Services in Europe: Putting ambition into action*.

Simplification

Extensive work was carried out on drafting the VAT Consolidation Bill 2010, culminating in its enactment in November 2010. The Act has been modelled, as far as possible, on the EU VAT Directive. The language has been modernised and the Act structured to make it more accessible and user-friendly for all users.

We also modernised and simplified the operation of Capital Acquisitions Tax (CAT) to bring it into line with other taxes. eFiling was introduced, enabling customers to pay and file via the Revenue Online System (ROS). Mandatory eFiling of CAT returns is required where a relief or exemption is claimed. A further change of benefit to both taxpayers and practitioners is the introduction of a single pay and file date in line with other self-assessed taxes.

The operation of Relevant Contracts Tax was reviewed in 2010 and recommendations were made to introduce significant reforms to enhance its effectiveness, reduce opportunities for fraud and help decrease the administrative burden for businesses and Revenue. These were reflected in the Finance Act, 2011 and we will be working to implement them this year.

Since 1 September 2010, the National Car Testing Service (NCTS) operates a range of vehicle registration functions on behalf of Revenue. This means that registration of used imported vehicles now takes place in 24 NCTS Centres around the country and has allowed Revenue to redeploy staff to other duties.

Listening to our Customers

Revenue conducted a postal survey of PAYE customers between November 2009 and March 2010 to gather information on a number of key areas, including customer satisfaction, communication channels and the PAYE *Anytime* service. The results were very positive, with around 91% of respondents either 'very satisfied' or 'satisfied' with overall customer service delivery. This represents an increase on the 88% recorded in a similar survey conducted in 2007.

During 2010, Revenue conducted a consultation exercise to canvass views in relation to new mandatory disclosure obligations on promoters of certain tax-avoidance transactions. The consultation allowed interested parties to comment on and suggest amendments to the draft Regulations. As a result of the exercise, a number of changes were made, primarily to improve operational aspects of the new regime. The Regulations came into effect in January 2011.

The main purpose of the new disclosure regime is to constitute an 'early-warning' system for Revenue so that information on tax avoidance schemes can be obtained at an early stage and, where illegal, closed down before they can do significant damage to tax revenues. It is not the

intention of the disclosure rules to stop tax advisors advising clients in the normal way on their tax affairs or on the use of the various legitimate tax incentives that are provided for in the tax code.

Following extensive consultation with the Taxes Administration Liaison Committee representing tax practitioners, a new Code of Practice for Revenue Audit was published in September 2010.

Contributing to Economic & Social Development

On the domestic front, one of Revenue's key functions is to provide practical advice and technical assistance to the Department of Finance. During 2010, we were heavily involved in preparing the groundwork and supplying draft legislation to the Department in connection with a wide range of measures contained in the Finance Act 2010. These included a new carbon tax, transfer pricing rules for associated-person transactions, a scrappage scheme for VRT, a new tax regime for Islamic finance, amendments to the scheme of capital allowances, simplified administrative procedures for non-resident corporate shareholders, a provision to ease the administrative burden on certain collective investment funds, and amendments to the DIRT regime.

Revenue also played an active role in a range of international bodies, including contributing to policy development and implementation at EU, OECD and World Customs Organisation (WCO) level.

Ireland has a steadily growing network of double taxation agreements (DTAs) and Tax Information Exchange Agreements (TIEAs) with countries worldwide. By the end of 2010, Ireland had signed comprehensive DTAs with 62 countries, of which 54 are in effect. Seven TIEAs were in effect and a further fourteen were at various stages of negotiation/ratification.

During the year the legal framework for, and on-the-ground delivery of, exchange of information for tax purposes under Ireland's Double Taxation Agreements and Tax Information Exchange Agreements was subject to review by the *Global Forum on Transparency and Exchange of Information for Tax Purposes*. The resulting report found that Ireland has an effective system for exchange of information for tax purposes. This finding is an important international confirmation of Ireland's standing as a transparent jurisdiction for tax purposes.

Developing our People and our Organisation

A significant medium term challenge facing Revenue is to replace the corporate knowledge that was lost due to the sudden recent outflow of experienced staff. While we continue to manage our overall staff numbers downwards in accordance with Government policy, work on addressing this challenge began in 2010 when, we filled 120 critical posts by way of targeted, open recruitment, redeployment and internal promotion.

Our successful relationship with the University of Limerick saw a new cadre of Revenue students graduate in January 2011; 48 with a BA (Hons.) in Applied Taxation and 67 with a Diploma in Applied Taxation. To date, a total of 577 Revenue students have graduated from UL through the Applied Taxation programme.

In February 2010, Revenue achieved the ISO 27001 Information Security Standard for our websites, www.revenue.ie and www.ros.ie. In December, our Information, Communications Technology & Logistics Division achieved the BS 25999 Business Continuity Management Standard. Revenue is the first organisation in Ireland to achieve this certification.

Revenue takes its responsibilities for data security very seriously. The confidentiality of taxpayer information held by Revenue is critical in delivering on our core business and in maintaining our reputation for integrity and fairness. Section 77 of the Finance Act 2011 introduced a new provision that places the confidentiality of taxpayer information held by Revenue on a statutory basis.

Looking Ahead

Looking to next year and beyond, it is clear that we face challenges on several fronts – continuing pressure on collection and compliance, risks of growth in the shadow economy and in smuggling, the implementation of major tax changes, and the need to show that we are delivering even more with even less across all business areas. This means that we are continually reviewing and refining our business programmes to optimise our performance and effectiveness. We are prioritising according to risk and to the resources available to us; putting huge emphasis on e-services; continuing to learn and innovate.

Revenue's huge range of activities in difficult circumstances would not be possible without the dedication, flexibility and hard work of all of our staff. We take this opportunity to say thank you to our colleagues who show, day in and day out, what public service means in practice. There are many challenges ahead, but we are confident that Revenue will not be found wanting in the months and years ahead.



Josephine Feehily

Josephine Feehily
Chairman



Michael O'Grady

Michael O'Grady
Commissioner



Liam Irwin

Liam Irwin
Commissioner

Main Results for 2010

Collection

- Net receipts amounted to €31.92 billion, just over €0.7 billion (2.25%) ahead of the Budget estimate, but down €1.36 billion (4.1%) on the corresponding figure for 2009.
- €9.2 billion was collected on behalf of other agencies. (PRSI and Health Contributions €9.1 billion; Environmental Levy €19.2 million).
- Debt available for collection in 2010 was €1.389 billion, down €54 million (3.8%) on the 2009 figure. Debt available for collection as a percentage of total gross receipts was 2.92%.

Compliance

- 13 Court convictions for serious tax and duty evasion in 2010. One 15-month custodial sentence, seven suspended sentences and fines amounting to €16,350 were imposed.
- 509 Customs and Excise convictions were obtained for a range of summary offences, such as cigarette smuggling, marked mineral oil and oil laundering infringements, VRT and Excise licence offences. 19 custodial sentences were imposed, of which, 13 were suspended with fines imposed totaling €1.1 million.
- 1,217 convictions were secured, resulting in the imposition of fines totalling € 2.8 million, for the non-filing of Income Tax and Corporation Tax Returns.
- Drugs with a street value of €9.02 million were seized and €1.7 million of suspected criminal cash was detained at ports and airports.
- 178.4 million cigarettes and 3,367kg of tobacco, valued at €75.2 million and €1.2 million respectively, were seized.
- 44,276 litres of alcohol and 289,484 litres of illegally laundered fuel were seized during the year.
- 1,245 seizures of counterfeit goods with an estimated value of €2.6 million were made. The items seized included DVD's, medicines, cosmetics and jewellery.
- 2,024 cars were seized and €1.2 million was paid in penalties in relation to Vehicle Registration Tax offences.
- Audit activity yielded €434.7 million from 11,008 interventions. A further 454,796 assurance checks yielded €58 million.
- The cumulative total from the major 'legacy' investigation projects reached €2.61 billion, with €24.16 million collected during 2010.
- The cumulative yield from the investigation into Trusts and Offshore structures reached €36.6 million.
- Following a request made by Revenue in 2010 we received information from a Treaty partner which gave details of accounts held in Switzerland by Irish residents. Having cross-checked the information received against Revenue's records it became clear that some individuals had already made a disclosure to Revenue under the 2004 offshore disclosure incentive. However, a small number of individuals have been identified with undeclared funds and challenge letters have issued. This is an ongoing investigation.

- A new Code of Practice for Revenue Audit was published in September 2010.
- A nationwide series of projects was undertaken to manage the risks associated with shadow economy activity.

Customer Service

- 504,557 customers had registered for our on-line 'PAYE *Anytime*' service by the end of 2010, an increase of 36% on 2009. A total of 360,624 transactions were processed by the service during the year.
- During 2010, 85% of stamp duty returns were filed via our new e-Stamping system, which was launched in December 2009. It enables practitioners to complete the stamping process in a fast and secure way via the Revenue On-Line Service (ROS).
- Since September 2010, the National Car Testing Service (NCTS) operates a range of vehicle registration functions on behalf of Revenue.
- Compliance with Capital Acquisitions Tax obligations was simplified by the introduction of a single pay and file date.
- Phase Two of Mandatory e-Filing came into effect on 1 January 2010, extending the mandatory provisions for filing and paying on the Revenue Online Service (ROS) to various public bodies, local authorities and state agencies and other large companies.
- The number of payment transactions made via ROS increased by 12.6% to 719,339, while the value of those payments increased by 8.4% to €27.7 billion.
- 3.9 million callers used our telephone service in 2010, down 1.9% on 2009.
- Our programme of making automatic tax refunds wherever possible continued. We issued over 33,000 automatic refunds to the value of €3.3 million in respect of the costs of prescription drugs.
- 408 automatic refunds amounting to over €205,000 were issued in respect of tuition fees paid for approved third level college courses.
- There were 93,100 DIRT-exempt accounts in financial institutions for those permanently incapacitated and those aged 65 years or over, up 26% on the 2009 figure.

Tax Reforms

- Carbon tax successfully introduced.
- Anti-avoidance strengthened by mandatory disclosure regime.
- Transfer pricing regime introduced.
- Capital Acquisitions Tax and Vehicle Registration Tax administration and collection simplified.
- VAT law consolidated.

Efficiency and Effectiveness

- The cost of administration as a percentage of Gross Receipts was 0.98%.
- Total expenditure on training and development was €7.38 million, or 2.53% of Revenue's payroll costs.
- In 2010, 48 Revenue staff were conferred with BA (Honours) in Applied Taxation and 67 were conferred with Diplomas in Applied Taxation by the University of Limerick. To date, a total of 577 Revenue students have graduated from UL, 440 with Diplomas and 137 with Degrees in Applied Taxation.
- For the fourth year running, Ireland was ranked the easiest country in Europe in which to pay business taxes according to a new report by PricewaterhouseCoopers, the World Bank and the International Finance Corporation.

Goal 1 - Ensure everyone complies with their Tax and Customs responsibilities

Revenue's primary goal is to ensure, as far as possible, that everyone complies with their tax and customs responsibilities - that they pay the right tax and duty at the right time and meet the obligations set out in tax and customs law.

Our objective is to ensure that the Government's tax collection targets are achieved by having efficient payment, filing and debt collection systems, and by continuous improvement of compliance levels. Better risk-based targeting of audit and other interventions and the application of appropriate sanctions where non-compliance is discovered will assist with this.

Strategy 1.1 - Ensure efficient collection and timely compliance

Internationally Ireland is among those countries that make it easiest for taxpayers to pay their taxes and comply with the tax system.

According to a new report by PricewaterhouseCoopers the World Bank and the International Finance Corporation, Ireland was the easiest country in Europe in which to pay business taxes for the fourth year running.

This type of survey is a reminder of the importance for the economy generally, and for inward investment in particular, of having a tax system that is easy to comply with, that is responsive to the needs of taxpayers and other stakeholders, and that encourages and actively promotes voluntary compliance.

Output 1. - Annual targets for tax and duty collection delivered

Result

- **Table 1** and **Table 2** show Gross and Net Receipts respectively. Collection performance in 2010 was above target by €701 million (2.2%) but €1,359 million (-4.1%) below the actual yield in 2009.

- Income Tax/Income levy - Combined Income Tax & Levy receipts came in €264 million (-2.3%) below target in 2010, due mainly to receipts from DIRT and the PAYE sector performing below expectations. These shortfalls were partially offset by stronger than expected receipts from the self-employed and Dividend Withholding Tax. Approximately half of the Dividend Withholding Tax surplus of €85 million was due to unexpected once-off tax payments.
- Value Added Tax - Net receipts of €10,103 million in 2010 were €13 million ahead of target but €535 million (-5%) lower than in 2009. The lower level of yield compared with 2009 reflects the ongoing impact of the economic downturn resulting in lower levels of consumer spending. Preliminary information indicates that the significant weaknesses were apparent in sectors such as wholesale/retail, real estate, manufacturing, transport/ communications and hotels and restaurants.
- Excise - Net receipts in 2010 were €4,835 million in 2010, which was €153 million (3.3%) ahead of Budget target and €66 million less than in 2009.

Vehicle Registration Tax (VRT), with receipts of €383.5 million, was €18 million ahead of target and €8.1 million above receipts for 2009. Total new car registrations in 2010 numbered 89,212 compared to 57,337 for 2009, an increase of 31,875 (55.6%).

The car scrappage scheme providing for VRT relief has been administered by Revenue since January 2010. The total relief for 2010 was €24,918,764. This figure relates to 17,202 cars. A revised scheme is extended to 30 June 2011.

Alcohol receipts were €826.4 million, exceeding target by €98.9million (13.6%) and €142 million less than 2009.

The Oils sector with receipts of €2,082 million in 2010, exceeded target by €8.4.million and €112.5 million below 2009.

The Tobacco sector, with receipts of €1.160 million, yielded €37.7 million more than expected but €56.8 million less than 2009.

Carbon Tax yields for the first year amounted to €223 million, exceeding target by €3.1 million (1.4%).

Air Travel Tax with receipts of €105 million was €9.3 million (-8.2%) below target.

- Corporation Tax came in at €784 million (or 24.8%) above target, consistent with an economy where growth is being driven by the exporting sector. Based on preliminary sector-based data, the surplus was due to higher than anticipated tax payments received from the manufacturing and the business activities sectors, partly offset by ongoing weakness in the financial sector.
- Stamp Duties came in some €13 million below Budget target in 2010. Shortfalls against target amounting to €17 million for property transactions and €47million for life assurance levy, cheques, cash cards and other stamp duties were partly counterbalanced by higher than expected yields of €25 million from share transactions and €26 million from Health Insurance Levy and other stamp duties.
- Capital Gains Tax - Although exceeding Budget target for 2010 by €5 million the lower level of yield compared with 2009 (-€200 million) reflects the continuing impact of the downturn on the property and shares markets.
- Capital Acquisitions Tax - While coming in close to Budget target in 2010 the yield continues to be affected by the impact of the downturn on the value of property and shares.
- Customs receipts of €229 million were €29 million (14.5%) ahead of target and €21 million higher than in 2009.

The figures for 2010 Net Receipts in **Table 2** are just over €1 million lower than the comparable figure for Tax Revenue receipts published in the end-2010 Exchequer Returns because of timing and accounting procedures.

The payments made by Revenue into Tax Relief at Source (TRS) schemes for mortgage interest and medical insurance are netted off proportionately in arriving at the yield of income tax from PAYE and the self-employed.

TABLE 1: TOTAL AMOUNT COLLECTED/GROSS RECEIPTS

Duties, Taxes & Levies	2010 €m	2009 €m
Income Tax & Income Levy	13,946	15,068
Value-Added Tax	12,744	13,963
Corporation Tax	4,920	5,335
Excise	4,889	4,950
Stamp Duties	985	1,023
Capital Gains Tax	383	606
Capital Acquisitions Tax	243	268
Customs	230	212
Collection on behalf of other Departments/Agencies	9,220	9,318
Total	47,559	50,743

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

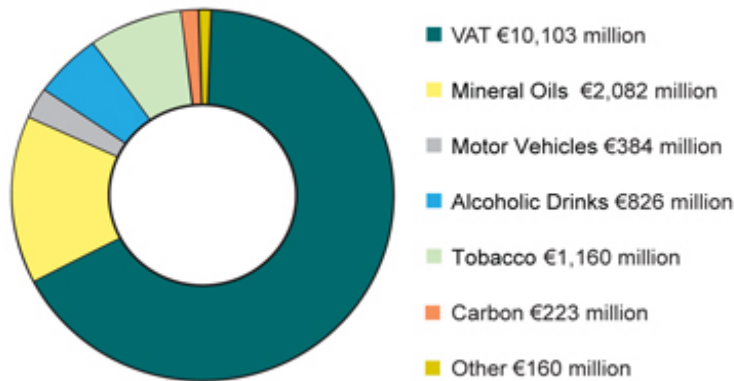
TABLE 2: TOTAL REVENUE /NET RECEIPTS

Duties, Taxes & Levies	2010 Net Receipts	2010 Budget Estimates	2010 Net Receipts +/- Budget Estimates	2009 Net Receipts
	€m	€m	€m	€m
Income Tax:				
PAYE	7,777	7,960	-183	8,488
Income Tax from Self-Employed and certain other non-PAYE sources ⁽¹⁾				
Direct Payments	957	846	111	987
Less other non-PAYE Repayments	-142	-124	-18	-141
Net Yield (see footnotes)	815	722	93	846
Deposit Interest Retention Tax ⁽²⁾	446	630	-184	614
Withholding Tax (fees) ⁽³⁾	564	605	-41	597
Dividend Withholding Tax ⁽⁴⁾	218	133	85	156
Income Levy	1,446	1,480	-34	1,138
Income Tax total	11,266	11,530	-264	11,839
Value Added Tax ⁽⁵⁾	10,103	10,090	13	10,638
Excise ⁽⁶⁾	4,835	4,682	153	4,901
Corporation Tax	3,944	3,160	784	3,889
Stamp Duties	962	975	-13	1,003
Capital Gains Tax	345	340	5	545
Capital Acquisitions Tax	237	240	-4	256
Customs ⁽⁷⁾	229	200	29	208
Total	31,918	31,217	701	33,279

Note: Any apparent discrepancies in totals are due to rounding of constituent figures

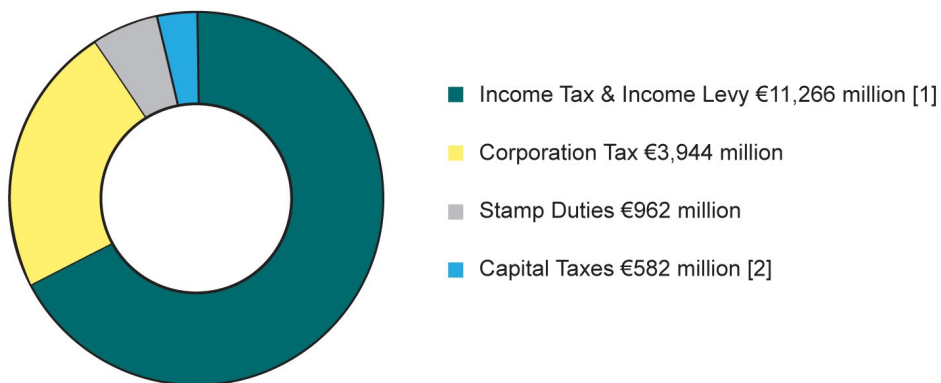
1. Income Tax from the Self-Employed: The figures shown under this heading are net of repayments made directly to the self-employed but are gross before netting off repayments to other non-liable individuals, charities, pension funds and foreign residents for tax deducted at source under various arrangements. Such repayments are normally made out of the non-PAYE collection and, if not adjusted for, would have the effect of understating the yield attributable to the self-employed. The repayments in question are accounted for in Table 2 under the sub-heading "Other non-PAYE repayments".
2. Deposit Interest Retention Tax: tax deducted from interest arising on deposits with financial institutions.
3. Withholding Tax: tax deducted at source from fees for professional services provided to state agencies and certain other designated bodies.
4. Dividend Withholding Tax: withholding tax on certain dividend and other profit distributions made by companies resident in the State.
5. The VAT receipts in 2010 are composed of €11,671 million of internal VAT and €1,073 million collected on imports, less refunds of €2,641 million.
6. A tobacco levy of €168 million, which is directly paid over by Revenue to the Department of Health & Children, is included in the Excise figures for forecasts and receipts in Tables 1 and 2, even though it is not included in the end-year Exchequer Returns as tax revenue.
7. 75% of the amount 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.

CHART 1: INDIRECT TAX NET RECEIPTS



A total of €14,937 million was collected in net VAT and Excise receipts in 2010.

CHART 2: DIRECT & CAPITAL TAXES RECEIPTS



A total of € 16,752 million was collected in Direct and Capital Taxes receipts in 2010.

1. *Income Tax comprises receipts from PAYE, Income Tax from the self-employed and certain other non-PAYE sources, Deposit Interest Retention Tax, Withholding Tax and Dividend Withholding Tax.*
2. *Capital Taxes include receipts from Capital Acquisitions Tax and Capital Gains Tax.*

Output 2. - More efficient collection of tax and duty debt

Result
<ul style="list-style-type: none">• While the downturn in the economic and financial climate continues to impact on the level of outstanding tax debt, there are encouraging signs that this debt is stabilising. The overall debt amounts to €2.08 billion, a small decrease of €34 million over last year. While Revenue will maintain a strong focus on maintaining and improving timely payment and returns compliance, we will continue to facilitate viable businesses with tax payment difficulties that engage positively with us by assisting them to return to full compliance as quickly as possible.• Debt available for collection in 2010 was €1.389 billion, down from €1.443 billion in 2009. Debt available for collection as a percentage of total gross receipts was 2.92%, up from 2.8% in 2009. Debt over 3 years old available for collection in 2010 was €472 million, up from €366 million in 2009.• In 2010, a total of € 299.6 million was deemed to be uncollectible and was written off in accordance with established guidelines. This represents a €78 million (35.46%) increase on the 2009 figure. Insolvency cases i.e. receivership, bankruptcy, liquidation and examinership cases make up 58% of the total.

Output 3. - More taxes and duties paid, and returns and declarations filed, on time

Result
<ul style="list-style-type: none">• The number of payments received for 2010 was 3,722,993 compared to 3,983,711 in 2009. <p>Table 3 shows the average percentage of tax collected by the due date.</p> <p>Table 4 shows returns compliance for large, medium and all other cases.</p> <p>Revenue considers that maintaining compliance at the levels shown in Table 4 represents a significant achievement in 2010 in light of the extremely challenging economic and financial environment in which businesses have been operating. We are committed to maintaining our focus on achieving high levels of compliance again in 2011.</p> <ul style="list-style-type: none">• The charging of interest on late payment of tax is the primary method used to maintain, and where possible improve, timely payment compliance. The amount of interest collected in 2010 was €57 million, a decrease of €10 million on the previous year. Additional interest is collected from Revenue's Audit and Investigation Programmes. Interest on late payment of tax is primarily designed to compensate the Exchequer for loss of revenue through late payment of tax, to prevent unfair competitive advantage and to encourage those who have a pattern of late payment to pay future debts by the due dates.• The number of Sheriff Enforcements was 32,964, the number of Solicitor Enforcements was 6,668 and the number of Attachments was 4,228. See Table 5 Collection Enforcement Programmes 2010. <p>The challenging economic and financial environment is making it more difficult for some businesses and taxpayers to meet their tax payment obligations on time. Revenue is working with such businesses and taxpayers to try to find an agreed way through their difficulties and restore timely voluntary compliance. A key requirement for this approach to be successful is that there is a positive, early and honest engagement with Revenue and that the fundamentals of the underlying business are sound. This approach from Revenue has contributed to a reduction in the number of routine enforcement activities by Revenue in 2010 compared with 2009 as set out in Table 5.</p>

- Revenue deploys more concentrated enforcement actions in a small number of cases where routine collection enforcement measures do not result in the collection of outstanding tax debts. In 2010, such action included the approval to proceed with 10 Forced Sale proceedings, 10 Bankruptcy proceedings and the appointment of a Receiver by way of equitable execution in one case. In 2010, six individuals were declared Bankrupt by the High Court on foot of a Revenue petition.
- During 2010, Revenue, as an integral part of its overall approach to debt collection and enforcement, continued to be actively involved in the oversight of bankruptcies, company liquidations, receiverships and examinerships. Overall, in 2010:
 - 1,219 companies were wound up via Creditor Voluntary Liquidations (compared to 1,147 in 2009);
 - 121 companies were wound up on foot of a court order (129 in 2009). Of these 63 were on foot of Revenue petitions (compared to 39 in 2009);
 - Receiverships totalled 375 (192 in 2009);
 - 46 companies went into Examinership (91 in 2009);
 - 30 individuals were declared bankrupt (19 in 2009). Of these, 6 were on foot of Revenue petitions (compared to 4 in 2009);
 - Revenue staff attended 441 creditor meetings and took up positions on Committees of Inspection where appropriate;
 - Under Section 214 of the Companies Act 1963 Revenue issued 198 notices resulting in 63 instances where Revenue petitioned the High Court for the appointment of a liquidator.

Occasionally, Revenue financially supports liquidators in selected cases particularly where the liquidator has evidence of fraudulent or reckless behaviour or where there are grounds to pursue action against rogue directors.

- Close liaison was maintained with the Office of the Director of Corporate Enforcement and the Official Assignee's office.

TABLE 3: AVERAGE PERCENTAGE OF TAX COLLECTED BY THE DUE DATE

Tax	2010	2009
PAYE/PRSI	95%	94%
VAT	89%	90%
Preliminary Income Tax (Non PAYE)	97%	97%
Capital Gains Tax	93%	85%
Corporation Tax	94%	91%
Relevant Contracts Tax	81%	79%

TABLE 4: RETURN/PAYMENT COMPLIANCE

Case Size *	Due Month Compliance End 2010 Target	Due Month Compliance 2010 Actual	Due Month Compliance + 1 End 2010 Target	Due Month Compliance + 1 2010 Actual
Large Cases	95%	93%	99%	97%
Medium Cases	90%	86%	95%	94%
All Other cases	75%	72%	85%	81%

* 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 within one month of the payment-due date.*

TABLE 5: COLLECTION ENFORCEMENT PROGRAMMES

	2010			2009		
	Number	Value of referrals (€m)	Yield (€m)	Number	Value of referrals (€m)	Yield (€m)
Solicitor Enforcement	6,668	261.1	43.0	6,832	297.7	46.2
Sheriff Enforcement	32,964	529.0	173.9	38,790	697.4	214.3
Attachment Enforcement	4,228	232.7	31.0	3,199	205.5	22.2
Total	43,860	1,022.8	247.9	48,821	1,200.6	282.7

Strategy 1.2 - Improve compliance through better-targeted interventions

Revenue's objective is to reduce the level of tax evasion and smuggling, along with improving compliance with our tax and customs systems through better-targeted audits and other intervention programmes. These programmes and targets are driven mainly by structured risk assessment, analytics and intelligence.

Our response to the threat posed by drug smuggling includes promoting cooperation, exchange of intelligence and proactively profiling drug-trafficking networks with the relevant national and international law enforcement agencies, along with effective operational interventions.

Output 1. - Improved compliance levels as a result of better targeted audit and other intervention programmes

Result
<p>Audit</p> <ul style="list-style-type: none">In 2010, 11,008 audits were settled yielding €434.7 million. Table 6 illustrates the overall audit results and the audit yield. A total of 454,796 assurance checks, were also carried out. The yield from assurance check activity amounted to €58 million. <p>During 2010, 400 cases were selected for random audit. A breakdown of the random audit programme results can be seen in Table 7.</p> <ul style="list-style-type: none">In 2010, we enhanced our capability in the use of e-audit throughout our audit programme. All auditors were equipped with the software to conduct e-audits and significant training was delivered to auditors on appropriate techniques.A new Code of Practice for Revenue Audit was published in September 2010. The Code was agreed following extensive consultation within Revenue and with the Tax Administration Liaison Committee, who represent accountants, solicitors and tax practitioners. The Code is a comprehensive framework for enhancing the fairness, efficiency and effectiveness of Revenue's compliance interventions.Revenue is obliged under EU legislation to implement controls at the time of export of CAP goods and to conduct an audit programme. In the audit period July 2009 to June 2010, the commercial records of 11 selected CAP exporters were examined. Those traders had received CAP export refunds amounting to €16.56 million in the period audited, representing approximately 73% of the total export refunds paid by the Department of Agriculture, Fisheries and Food. <p>Sectoral Compliance</p> <ul style="list-style-type: none">Revenue continued its policy of targeting evasion on a sectoral basis during 2010. Projects included: -<ul style="list-style-type: none">Taxi: <p>There was increased communication at national and local levels with the Taxi Regulator in 2010. Regular joint operations with the Taxi Regulator, Department of Social Protection (DSP) and National Employments Rights Authority (NERA) were carried out with the assistance of An Garda Siochana. As a result of these operations fines have been issued by the Commission for Taxi Regulation, individuals who were not registered for tax or were registered incorrectly have been registered by Revenue and instances of individuals working and claiming benefits are being investigated by DSP.</p>

- **Construction:**

The vast majority of house building in 2010 was a one-off/single unit. All Revenue regions use local intelligence and other information to target sites where hidden economy activity is suspected. In the course of visits to sites, the status of all workers/contractors engaged on the site is checked to ensure compliance with tax obligations, and the source of materials used in the building work is checked to ensure compliance with VAT requirements.

- **Cash Businesses:**

Certain cash businesses are more likely to engage in shadow economy activities through under-reporting of turnover and profit. Many pubs & nightclubs, restaurant and takeaways fall into this category. This spans all sizes of business from small to very significant ones. They may often pay for supplies, services and staff in cash, which makes it difficult to follow the money trail.

Shadow Economy

- The emphasis in 2010 was on tackling the shadow economy by a combination of risk analysis, intelligence collation, assurance checks and outdoor operations including audit and investigation. For certain types of businesses, specific approaches have been devised e.g. covert and overt surveillance of business premises, the use of third party information etc.

Many of these projects included using the Joint Investigation Units in conjunction with the Department of Social Protection, the National Employment Rights Authority and other agencies to combat tax and social welfare fraud and protect employment rights.

- During the year, we continued to focus on cash businesses and uncovered, inter alia, instances of electronic sales suppression tax fraud. In 2011 we will focus again on cash businesses with particular reference to identifying and countering the use of sales suppression software and further expansion of e-audit, as appropriate, throughout the audit programme.
- Revenue chairs the Hidden Economy Monitoring Group, which provides a forum for the exchange of views and insights into combating the hidden economy. Its membership includes representatives from Irish Business and Employers Confederation, Small Firms Association, Construction Industry Federation, Irish Congress of Trade Unions, DSP, NERA, Department of Enterprise, Trade and Innovation, and Revenue.

Investigations & Intelligence Gathering

- The cumulative total recouped from the major "legacy" investigation projects reached €2.61 billion. Details of the yield from these Investigations are outlined in **Table 8**.
- An investigation into Trusts and Offshore Structures continued in 2010 and the yield, as at 31 December 2010, was €36.6 million from 165 cases. The examination focused on identifying undeclared tax liabilities by persons who have transferred or settled property, assets or funds to any trusts and other similar offshore structures.
- The automatic reporting to Revenue of interest payments made by financial institutions operating in Ireland continued in 2010. Interest returns for 2009 were due in 2010 and details of 1,272,899 accounts were supplied.

- Payments of € 8.7 million were received in 2010 from the Interest Reporting Voluntary Disclosure initiative. Total receipts received to date amount to €85 million, while the number of individuals to avail of the initiative is 1,254.
- Additional powers were granted to the Revenue Commissioners in the Finance Act 2010. These included power to obtain information from the Commission for Taxi Regulation; Power to apply to the Appeal Commissioners for consent to establish the identity of certain persons or classes of persons from third parties; power to obtain information from the National Asset Management Agency in relation to transactions in property. Power was also granted for the exchange of information between the Revenue Commissioners and the Property Registration Authority.

NAMA is required to provide Revenue with details of each eligible bank asset i.e. borrowers' loans and credit facilities.

Revenue is in the process of receiving information and documents from NAMA on certain eligible bank assets and the details are being analysed to identify any tax implications.

- Revenue's Financial Services Banking area continues to monitor and respond to tax issues arising from the banking crisis and the restructuring currently taking place in the sector. Our compliance programme is targeting tax risk including claims for loss relief, bad debts, VAT and employer taxes liabilities. The audit yield figure in 2010 was €12 million and the impact of restricted losses amounted to €108 million.
- Our High Wealth Individuals and Professionals Business Unit initiated enquiries into approximately 300 directors and executive/management level employees in the six main financial institutions. Enquiries have been closed in approximately 280 of these cases and are ongoing in the balance. To date, €1.3 million in tax has been collected from these enquiries.
- The second report, for the tax year 2008, on the restriction on the use of certain tax reliefs and exemptions by high-income individuals was completed by Revenue and published by the Minister for Finance in July 2010. The report confirmed achievement of the primary objective of payment of an effective income tax rate of approximately 20% by individuals with an adjusted income of €500,000 or more (where the restriction applied in full).

The report recorded that 423 individuals were subject to the restriction in 2008 and that the additional tax yield for the year was €39.7 million.

- The Finance Act 2010 introduced a number of significant changes to the high-earners restriction for the tax year 2010 and subsequent years.

The adjusted income threshold above which the restriction applies in full, was reduced from €500,000 to €400,000 while the effective rate of income tax for individuals above this threshold was increased from 20% to 30%. The lower income threshold at which the restriction begins to apply was reduced from €250,000 to €125,000 while the allowable amount of specified reliefs (i.e. the reliefs which are subject to the restriction) was reduced from €250,000 (or 50% of adjusted income, whichever is the higher) to €80,000 (or 20% of adjusted income, whichever is the higher). A graduated application of the restriction, with the effective income tax rate rising towards 30%, applies between adjusted income levels of €125,000 and €400,000.

- During 2010, 13,395 Suspicious Transaction Reports were provided to Revenue by financial institutions and other designated bodies. 30 of these reports are relevant to ongoing criminal investigations in tax and duty cases. Many others have resulted in recoveries of tax and penalties which would not otherwise have been made. Currently, the weighting of the STRs within REAP is being re-evaluated in order to refine and enhance the iterative risk analysis model.

- Following a request made by Revenue in 2010 we received information from a Treaty partner which gave details of accounts held in Switzerland by Irish residents. Having cross-checked the information received against Revenue's records it became clear that some individuals had already made a disclosure to Revenue under the 2004 offshore disclosure incentive. However, a small number of individuals have been identified with undeclared funds and challenge letters have issued. This is an ongoing investigation.
- At the end of 2010 a total of 4,269 cases were being monitored under our Phoenix and Commonality programmes. The increase in the numbers of cases managed under these programmes reflects the continuing debt challenge posed by the economic and financial environment in which businesses are operating and Revenue's determination to give priority attention to the highest risk cases.

Risk Analysis

- In 2010, the REAP risk analysis model was extended to include additional 3rd party data including Taxi Regulator data, Non-Principal Private Residence Levy (NPPR) data and Private Residential Tenancies Board (PRTB) data.
- The system to predict potential audit yield set up by Revenue in 2009 as an extension to REAP was successfully piloted. Further developments and refinements are planned. The use of predictive analytics in Revenue is also being broadened to assess liquidation and phoenix cases.

Seizures

- Revenue's Customs Service seized 201 firearms including a general-purpose machine gun, stun guns, tear gas/pepper spray and laser pens as well as small quantities of assorted ammunition. In addition there was a small number of seizures of fireworks as well as the seizure of a significant number of GSM jamming devices, the importation of which is now prohibited by a Statutory Instrument issued by the Commission for Communications Regulation (ComReg). A number of detections resulted in follow up joint operations with An Garda Síochána.
- In 2010 there were 16 seizures of goods prohibited under CITES (Convention on International Trade in Endangered Species).
- There were 46 seizures of cash amounting to €1.7 million, mainly at airports and ports. This money is suspected of representing the proceeds of crime or intended for use in criminal conduct. Following such seizures, an investigation is undertaken to establish the link to criminality with a view to forfeiture.

24 forfeiture orders amounting to €2.2 million granted by the Circuit Court in 2010. These orders mostly related to seizures made in 2008. Forfeiture applications in a further 20 cases, amounting to €1.6 million, were before the courts at year-end.

TABLE 6: AUDIT AND ASSURANCE ACTIVITY

Type of Intervention	Completed 2010	Yield €m	Completed 2009	Yield €m
Comprehensive (All taxheads)	4,209	197.1	4,353	279.0
Multi Tax/Duty Audits	1,374	53.6	1,735	62.9
Single Tax/Duty Audits	3,841	111.6	5,053	163.0
Single Issue/Transaction Audits	1,584	72.4	1,278	96.9
Total Audit Intervention	11,008	434.7	12,419	601.8
Assurance Checks	454,796	58.0	361,299	68.5
Total Interventions (Audit & Assurance)	465,804	492.7	373,718	670.3

TABLE 7: RANDOM AUDITS IN 2010

Yield Band	Number of Cases	% of Finalised Cases
Nil	168	68.29
< €2,000	37	15.04
€2,001 to €5,000	24	9.76
€5,001 to €10,000	12	4.88
€10,001 to €20,000	4	1.63
€20,001 to €50,000	1	0.40
> €50,000	0	0.00
Total	246	100%

TABLE 7A: UPDATE ON 2009 RANDOM AUDIT PROGRAMME

Yield Band	Number of Cases	% of Finalised Cases
Nil	231	66.38
< €2,000	43	12.36
€2,001 to €5,000	35	10.06
€5,001 to €10,000	22	6.32
€10,001 to €20,000	11	3.16
€20,001 to €50,000	3	0.86
> €50,000	3	0.86
Total	348	100%

TABLE 8: SPECIAL INVESTIGATIONS

Investigation	Yield in 2010 €m	Cumulative Yield €m	Total Cases
Bogus Non Resident Accounts	1.32	647.92	12,175
Offshore Assets	7.96	961.40	14,921
Life Assurance Products	5.98	482.16	5,524
Ansbacher	0.14	107.44	140
DIRT	-	225.00	25
Moriarty/Mahon	-	41.04	23
NIB	0.06	60.14	312
Interest Reporting	8.70	85.00	1,254
Total	24.16	2,610.10	34,374

Output 2. - Effective response to increase in drug smuggling

Result
<ul style="list-style-type: none"> Revenue is a stakeholder in the Government's National Drugs Strategy and plays a leading role in implementing the Supply Reduction Pillar. Strategic and Operation Plans have been put in place to ensure the actions points for which Revenue has responsibility are implemented. This ongoing commitment is bolstered by the deployment of the two Revenue Customs Cutters, Suirbhéir and Faire, the two X-Ray scanners and 13 detector dog teams, coupled with management of the Customs Drugs Watch and Memorandum of Understanding programmes. An officer is now seconded on a part-time basis to the Office of the Minister for Drugs and a senior officer represents Revenue at the Oversight Forum chaired by the Minister. The Customs Service has continued to work with the other Joint Task Force partners to prevent the smuggling of drugs into the State. Some significant successes in drug/arms interdiction during 2010 provided evidence of this inter-agency co-operation in action. <p>See Table 9: Drugs Seizures in 2010</p> <ul style="list-style-type: none"> In 2010, Revenue approved, coordinated and implemented 62 joint task force operations in conjunction with An Garda Síochána and the Irish Medicines Board. Five of these related to outgoing controlled deliveries to Northern Ireland. Revenue also played a significant role in preventing the importation and distribution of psychoactive substances following the enactment of the Criminal Justice (Psychoactive Substances) Act 2010. This legislation forms part of the Government's response to the sale of so-called "head shop" products. <p>The operations resulted in the seizure of heroin, herbal cannabis, cannabis resin, cocaine, Ecstasy, MDMA, Mephedrone, Ketamine and Ephedrine tablets and the arrest of 43 persons. Six operations with the Irish Medicines Board resulted in the seizure of 265,000 tablets, 17,100 Kamagra sachets and 19,600 anabolic steroids (in a variety of forms).</p> <ul style="list-style-type: none"> Our Liaison officers assigned to the Maritime Analysis and Operations Centre - Narcotics (MAOC-N) in Lisbon and to Europol in The Hague continue to assist in the fight against drug trafficking and organised crime. Since its inception in 2007, MAOC-N has co-ordinated or assisted in 46 international operations resulting in the seizure of 52.3 tonnes of cocaine and 47.8 tonnes of cannabis that was destined for the European markets. This has had a significant impact of drug trafficking networks and organised criminal groups operating from South America and the Caribbean into Europe. Ireland is one of seven EU Member States that set up MAOC-N and a Revenue Officer currently represents Ireland on the Executive Board, which is tasked with developing the capability and planning the future strategic direction of the Centre. Revenue also has liaison officers stationed in London and Brussels.

TABLE 9: DRUGS SEIZURES IN 2010

Type of Drug	Number of seizures	Quantity (kg)	Value (€)
Herbal Cannabis	1,041	259.0282	3,147,297
Cannabis Resin	312	6.7656	40,622
Heroin	3	1.266	189,900
Cocaine	47	37.3585	2,615,095
Ecstasy	8	0.2034	3,390
Khat	4	218.3	436,600
LSD	1	0.09	1,500
Other*	5,319	8.2247	2,585,630
Total	6,735	531.2364	9,020,034

NOTE:

****OTHER* COVERS AMPHETAMINES, PRECURSOR CHEMICALS, MAGIC MUSHROOMS, STEROIDS, HALLUCINOGENIC SUBSTANCES AND ASSORTED PRESCRIPTION MEDICINES. IN ADDITION TO THE 8.2247 KGS THERE WERE 1,248,031 MEDICAL TABLETS AND 0.6 LITRES OF MEDICINES SEIZED. THE ABOVE FIGURES INCLUDE SEIZURES MADE DURING JOINT OPERATIONS WITH AN GARDA SÍOCHÁNA AND THE IRISH MEDICINES BOARD.**

Output 3. - Effective response to increase in cigarette smuggling

Result
<ul style="list-style-type: none"> • 178 million cigarettes were seized in 2010 with a value of €75 million, including 137 million from 18 seizures in maritime freight. • In 2010, a high level internal group was established to examine the risks related to tobacco excise, and to monitor and optimise performance in relation to detection of counterfeit and contraband tobacco products. This group has promoted a number of initiatives aimed at counteracting the illicit trade in tobacco. • Revenue hosted the inaugural meeting of the Cross Border Tobacco Fraud Enforcement Group in May 2010. Representatives from all relevant Law Enforcement Agencies both north and south of the border attended. The objective of the Group is to share information and intelligence and co-ordinate multi-agency operations against border-based Organised Crime Groups engaged in cigarette smuggling. • In July 2010, Revenue initiated a programme of nationwide blitz-type tobacco operations, which concentrated additional Revenue resources at ports, airports, postal depots and at points of retail sale such as shops, markets and door-to-door selling for the purpose of identifying and seizing illicit tobacco products. Three such operations were mounted in 2010, which resulted in the seizure of more than 15 million cigarettes and 370kgs of tobacco. • Recognising the role that the public can play in tackling cigarette smuggling, Revenue launched a new confidential free phone line in July 2010. A total of 141 calls were received by year-end. • In September 2010, the Revenue Commissioners together with OLAF (the EU Anti-Fraud Unit) co-hosted the first European Union and United States of America Conference for Investigators and Prosecutors. Delegates from every European Union Member State and from five different agencies across the USA attended the conference. The conference was primarily focused on the role of investigation and prosecution of international crime in the area of tobacco fraud with a particular emphasis on strengthening of links and relationships between the EU and the US Law Enforcement Agencies. A number of international operations were reviewed highlighting best practice with regard to international cooperation and coordinated investigations between the various agencies.

- Revenue hosted a 3 day Fiscals Themed Working Visit on "Combating the Illicit Tobacco Trade". The event was attended by 19 participants representing 14 EU administrations. The focus was on concealment of tobacco in bulk cargo and maritime freight and developing a strategy to combat this type of activity. The event also focussed on policy, structures, exchange of information, enforcement options, detection equipment and approach to Risk Profiling.
- Nine successful international controlled deliveries of contraband cigarettes, involving maritime containers, took place in 2010. The countries involved were Belgium (3), The Netherlands (3), UK (2) and France (1). In one of these cases, Revenue and HM Revenue & Customs established a joint investigation team whereby a container was closely monitored in the State and successfully intercepted on arrival in Newry.
- Revenue conducted an econometric analysis of the relationship between cigarette prices and consumption in Ireland. The research provides an improved understanding of the impact of cigarette taxes on revenue and the interaction between the consumption of taxed and untaxed cigarettes. The report is published on Revenue's website.
- Revenue and An Garda Síochána carried out a number of multi-agency operations, particularly in relation to large maritime importations and checks at inland markets.
- Revenue continues to cooperate with legitimate trade interests and has signed Memoranda of Understanding with two of the main cigarette manufacturers to further cooperation in relation to the illicit tobacco trade. In addition, Revenue met regularly with trade groups representing the leading tobacco companies and retailers.

Output 4. - Reduction in evasion of oil and alcohol excises, vehicle registration tax, and trade in counterfeit goods

Result
<ul style="list-style-type: none"> • Table 10 shows seizures of excisable goods in 2010. • During 2010, 19,404 vehicles were challenged with 2,024 seized and €1.2 million paid in penalties. Part of this activity involved two national Vehicle Registration Tax (VRT) operations in the course of which 5,850 vehicles were challenged and 591 seized. • 2010 saw an increase of 23% in the number of applications from Rights Holders to Revenue for customs action to detect and seize Intellectual Property Rights infringing goods, reflecting the growing awareness of the dangers posed by counterfeit goods to society, business and Revenue. • 1,245 seizures of counterfeit goods with an estimated value of €2.6 million were made during 2010. Seizures encompassed a wide variety of goods including cosmetics, packaging/labels, jewellery, DVDs, footwear, toys, bags, phones and medicines. • In a three-day World Customs Organisation-sponsored international operation, codenamed 'Operation Pangea 3', targeting unlicensed and counterfeit pharmaceuticals in October 2010, Revenue's Customs Service seized more than 256,500 medical tablets valued at €300,000. This operation was conducted in conjunction with officers from the Irish Medicines Board. • In 2010 Revenue's Customs Service detected four Oil Laundries resulting in the seizure of 151,000 litres of laundered oil and 48,000 litres of toxic waste. Four people were arrested during these detections. • In 2010, Revenue identified an alcohol diversion fraud relating to movements of duty-suspended alcohol from Ireland to Spain and Romania. An assessment has been raised and a demand issued for the duty evaded. This assessment has been appealed and is currently in the appeals process.

TABLE 10: EXCISABLE PRODUCTS SEIZED IN 2010

Product	Number of Seizures	Quantity	Value (€m)
Cigarettes	9,026	178.4m ⁽¹⁾	€75.2
Tobacco	1,171	3,367 Kgs	€1.2
Alcohol (Beer, Spirits, Wine)	287	44,276 Litres	€0.6
Commercial Oil	44	289,484 Litres ⁽²⁾	-
Other ⁽³⁾	2,054	424,915	-
Vehicles ⁽⁴⁾	175	-	-

1. Includes counterfeit brand cigarettes.
2. Includes Laundered, Smuggled and Marked Mineral Oil.
3. Other seizures refer to non-Excisable commodities such as conveyances, counterfeit goods (excluding cigarettes) and pornography.
4. Vehicles seized for Marked Mineral Oil Offences.

Output 5. - Better use of Revenue's intelligence sources

Result
<ul style="list-style-type: none"> • Revenue actively works with the Department of Social Protection (DSP) and the National Employment Rights Authority (NERA) to combat tax and social welfare fraud and to monitor employment rights compliance through Joint Investigation Units (JIUs). Apart from the large annual central data exchanges, information is shared on individual cases daily between the three areas. In 2010, Revenue JIU officers carried out circa 5,800 interventions, of which 2,600 were outdoor operations. 34% of the outdoor operations were with DSP and/or NERA. The outcomes for Revenue included registering over 820 new cases, re-classifying a further 253 as employees and collecting €6 million. • The high level Steering Group that was set up in late 2009 between Revenue and Department of Social Protection met regularly to oversee joint initiatives in tackling the shadow economy and welfare fraud, the management of exchanges of data and information sharing, effective cooperation and mutual support as well as giving direction and support to the JIU structure.

Output 6. - More challenges to tax avoidance schemes

Result
<ul style="list-style-type: none"> • Enquiries by our High Wealth Individuals and Professionals Business Unit and our Anti Avoidance Unit into potential tax avoidance transactions continued throughout 2010. These included enquiries into: <ul style="list-style-type: none"> ○ A scheme giving rise to potential trading losses was concluded with settlements in 279 cases resulting in a tax yield of €7 million. ○ A transaction in which proceeds from the disposal of a shareholding were received in the form of tax-exempt dividends resulting in a yield of €21.2 million. ○ Similar financial transactions entered into by 26 separate individuals that give rise to a potential tax loss of Capital Gains Tax of circa €110 million. ○ A number of separate transactions that used the national residence rules and the provisions of Double Taxation Treaties to substantially reduce their liability to Capital Gains Tax. <p>As a consequence of enquiries into potential tax avoidance transactions, 114 Notices of Opinion under the general anti-avoidance legislation, section 811 of the Taxes Consolidation Act 1997, were issued. Table 11 shows the Anti Avoidance activity during the year.</p>

TABLE 11: ANTI AVOIDANCE

Avoidance schemes challenged	2010	2009
Number of schemes under challenge at start year	45	49
+ New schemes challenged during year	5	10
- Decisions on challenge taken during year	2	14
Number of schemes under challenge at year end	48	45

Strategy 1.3 - Improve compliance through the application of appropriate sanctions

The public is entitled to expect that non-compliance with tax and customs legislation will result, in the first place, in detection by Revenue and, in the second, the application of appropriate sanctions. A failure to detect and punish serious non-compliance and evasion and to challenge aggressive tax avoidance has the potential to seriously undermine confidence in the tax system and in customs controls. Part of any effective response to these issues requires us to harness the deterrent effect of taking more criminal prosecutions where there is sufficient evidence to support prosecution, and to update the civil penalty regime.

Output 1. - More prosecutions for serious evasion and other Revenue and Customs offences

Result

Prosecutions on Indictment

- In 2010, there were seven Court convictions for serious tax offences. One 15-month custodial sentence was imposed and three suspended sentences were handed down. In one of these cases the sentence was suspended on completion of community service. In three other cases fines totalling €13,000 were imposed.
- There were six Court convictions for serious customs and excise offences. Four suspended sentences, each for a period of two years, were handed down. In two other cases fines totalling €3,350 were imposed.

See **Table 12**: Prosecutions for Serious Evasion 2010.

- At year-end, there were 170 serious tax and duty cases at various stages of the prosecution process.

Summary Prosecutions

- There were 509 convictions for summary customs and excise offences in 2010. 19 custodial sentences were imposed, of which 13 were suspended with fines imposed totaling €1.1 million.
- There were ten convictions for summary tax offences resulting in Court imposed fines totalling €33,015. The offences included failure to furnish books and records, forging documentation and providing a false name to a Revenue Officer.
- A total of 137 convictions were secured for cigarette related offences. 97 were for cigarette smuggling and 40 for illegal selling.

See **Table 13**: Summary Convictions 2010.

Non-Filing Prosecutions

- 1,217 convictions were secured, resulting in the imposition of fines totalling € 2.8 million for the non-filing of Income Tax and Corporation Tax Returns.

See **Table 14**: Prosecutions for Non-Filing of Returns.

- Prosecutions for non-compliance with Corporation Tax legislation rose by 25% in 2010 over the previous year and the corresponding fines at €147,100 rose by 21%.

Prosecutions for non-filing of Income Tax Returns rose by 12%. The corresponding fines, at €2,603,292 are up by 26%.

- The Revenue Solicitor issued 546 warning letters in relation to Relevant Contracts Tax in 2010, up from 74 the previous year.
- P35 Penalty Programme: In 2010, civil penalties were imposed in 526 cases to a total value of €1.87 million.
- VAT Penalty Programme: In 2010 civil penalties totalling €244,000 were imposed in 61 cases for failure to submit VAT returns.
- VAT/P35 Prosecution Programme: A total of 103 cases were successfully prosecuted during the year and fines amounting to €701,600 were imposed. This compares to 81 cases in 2009 with a value of €724,535.
- In 2010 legal proceedings for failure to file Intrastat and VIES returns resulted in the payment of the following penalties and fines: Intrastat - €79,566 in 47 cases and VIES - €32,640 in 13 cases.
- The maximum court fines in respect of a range of customs or excise offence provisions were significantly increased in the Finance Act 2010. The monetary penalty for conviction on indictment was increased from a maximum of €12,695 to an amount not exceeding €126,970, or in the case of serious offences such as cigarette smuggling, to a fine not exceeding three times the value of the goods, where that value exceeds €250,000. The already existing alternative, which is at the court's discretion, of a term of imprisonment not exceeding 5 years (or additionally to both fine and imprisonment) remains in place.

TABLE 12: PROSECUTIONS FOR SERIOUS EVASION 2010

During 2010	Tax	Customs	Total
No. of convictions obtained (not including cases where guilty pleas entered or adjourned for sentencing in 2010)	7	6	13
No. of cases referred to DPP	21	8	29
No. of cases for which DPP issued directions	20	9	29
No. of cases for which DPP issued summonses	12	4	16
Total	60	27	87
At year end			
No. of ongoing investigations	89	6	95
No. of cases being considered by DPP	5	0	5
No. of cases where directions issued by DPP but not yet in courts process	26	4	30
No. of cases before the Courts	17	22	39
Bench warrants in place	0	1	1
Total	137	33	170

TABLE 13: SUMMARY CONVICTIONS 2010

Summary cases	No. of successful convictions
Cigarette Smuggling	97
Cigarette selling	40
Alcohol smuggling	26
Counterfeit Spirits	6
Commercial Oil	4
Obstruction	1
Other Smuggling	1
Marked Mineral Oil	233
VRT	18
Excise Licence	83
Tax Cases	4
VAT non filers	6
Total	519
Total fines imposed	€1,115,299

TABLE 14: PROSECUTIONS FOR THE NON-FILING OF INCOME TAX, CORPORATION TAX AND RELEVANT CONTRACTS TAX RETURNS

	IT 2010	CT 2010	RCT 2010	IT 2009	CT 2009	RCT 2009
Revenue Solicitor warning letters issued	12,709	1,615	546	13,421	1,816	75
Cases referred for the institution of legal proceedings	2,273	169	10	2,364	257	8
Convictions	1,152	65	0	1,030	52	1

Output 2. - Increased incentive to disclose tax avoidance transactions

Result

- Mandatory Disclosure of Certain Transaction legislation was provided for in the Finance Act 2010. The required Regulations were recently made by Revenue with the consent of the Minister for Finance with effect from 17th January 2011. The making of the Regulations follows an extensive public consultation process on draft Regulations and draft Guidance Notes, which took place during the Summer/Autumn of 2010.

This legislation, which complements the existing range of anti-avoidance measures at the disposal of Revenue, requires promoters of certain tax-based schemes to disclose them to Revenue shortly after they are first marketed or made available for implementation. It is designed to act as an “early warning” system for Revenue so that schemes that are considered aggressive can be closed down before significant fiscal damage is done.

- 31 Protective Notifications under section 811A of the Taxes Consolidation Act 1997 were received in 2010 and are currently under examination.

Output 3. - Redevelop our systems for interest and collection enforcement

Result

- In 2010, a facility for automatic identification of cases based on their compliance pattern for charging of interest was provided to our debt management teams. This supports the focus on timely voluntary compliance and the application of appropriate sanctions for late tax payments.

Goal 2 - Provide quality and innovative service that supports all our customers

Voluntary compliance is greatly helped if business and individuals understand their tax and customs obligations. Revenue has a responsibility to provide clear information, technical support and make the system as user-friendly as possible.

Revenue provides a quality customer service. This is confirmed by feedback we have received, including feedback from surveys. Over the past number of years, Revenue has delivered an innovative range of electronic and other services that gives our customers a variety of ways of interacting with us.

Strategy 2.1 - Help customers pay the right amount and to get their entitlements

Revenue has a responsibility to help our customers, both individuals and businesses, receive their due entitlements and to pay only the right amount of tax and duty.

We strive to be better at explaining how the tax and customs systems work, what tax credits are and how to qualify for them.

We also seek to make it easier for customers to claim their entitlements.

This requires us to develop new and imaginative ways of interacting with customers, for example, giving more tax credits automatically or prompting claims on the basis of information already available to us. Part of this new approach involves providing more customised information and communications.

Output 1. - Customers more aware of their entitlements and communication and information dissemination better targeted at individual needs

Result
<ul style="list-style-type: none">• In recent years, Revenue has run successful publicity campaigns encouraging taxpayers to claim their reliefs. They comprised advertising, provision of information on our website, direct communication and facilitating journalists to highlight the issue to the general public. <p>In 2010, Revenue ran two focused campaigns. The first was aimed at helping taxpayers to use the PAYE <i>Anytime</i> system to obtain P21s (balancing statements) required for education grant applications. The second in December, had the main objective of informing the public of the availability of a new PAYE information booklet and detailed information, including videos, explaining Budget changes on our website.</p> <ul style="list-style-type: none">• Deposit Interest Retention Tax (DIRT) exempt accounts for persons aged over 65 or who are permanently incapacitated now stands at 93,100, an increase of 26% on the 2009 figure. Information is provided on the Revenue website. Revenue continues to promote this exemption in co-operation with the Irish Bankers Federation and the Irish League of Credit Unions. A provision has also been introduced to make it compulsory for financial institutions to issue, to account holders, certificates of DIRT tax deducted from accounts.• Significant changes have been made to the administration and regulation of the Mortgage Interest Relief (Tax Relief at Source) Scheme since 2008. Work commenced on an enhanced online facility to enable customers to both register their loans online and also to make claims for previously unclaimed relief. The online system is available since 1 March.• A significant change to the VAT legislation for public bodies was introduced on 1 July 2010 that resulted in a range of services, such as, income from waste disposal and off-street car parking being subject to VAT. Revenue ensured a smooth implementation of the legislation by engaging directly with public bodies in advance of the changes, holding a number of information workshops for staff and software providers to prepare them for the changes.• A comprehensive Guidance Document on the application of the High Earners restriction for the tax year 2010 and later years was published in September 2010, in time to assist taxpayers with their pay and file obligations in October/November 2010.

- Revenue conducted a postal survey of Pay As You Earn (PAYE) customers between November 2009 and March 2010. The survey was conducted to gather information on a number of key areas relating to:
 - Customer satisfaction with the service from and experience of Revenue;
 - Communication channels between customers and Revenue;
 - Feedback in relation to the PAYE *Anytime* service;
 - Attitudes to tax compliance.

The results are very positive. Satisfaction with customer service delivery both at the overall level and specific to various communication channels is high, with around 91% of respondents either 'very satisfied' or 'satisfied' with overall customer service delivery. This represents an increase on the 88% recorded in a similar survey conducted in 2007.

In addition, the majority of respondents who had used PAYE *Anytime*, our electronic service for employees, indicated that it was easy to use.

See the feature piece on the next page.

PAYE Customer Survey 2009 – 2010

Revenue invests considerable resources in maintaining and improving customer service delivery. It is therefore important that we measure usage and review satisfaction levels with the service we provide to our customers.

In this context, Revenue conducted a postal survey of 5,250 'Pay As You Earn' (PAYE) customers between November 2009 and March 2010. A similar survey was conducted in 2007 and the results of that survey provide a useful benchmark for comparison purposes.

The key findings of the survey are as follows:

Customer Satisfaction

Satisfaction with customer service delivery, both at the overall level and specific to various communication channels, is high, with around 91% of respondents either *very satisfied* or *satisfied* with overall customer service delivery. This represents an increase on the 88% recorded in the 2007 survey.

Contact Channels

72% of respondents indicated that they had made personal contact with Revenue in the twelve months prior to the survey. This represents a significant increase in comparison to the 2007 survey when 46% of the respondents had contacted Revenue.

The *Lo-call 1890* service continues to be the preferred contact channel. 89% of respondents expressed satisfaction regarding the service they received using this channel. Calling in person to a Revenue office is also a well-regarded method of contact, with a satisfaction level of 91% recorded.

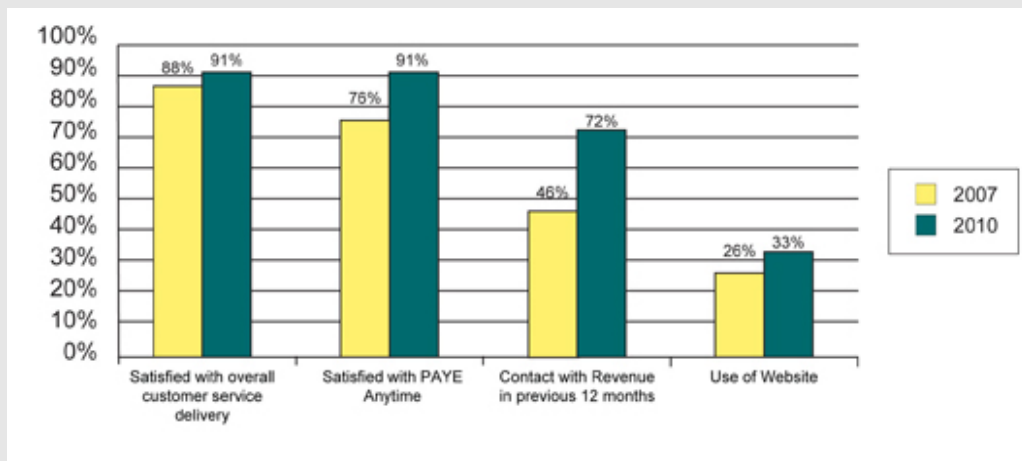
Electronic Service Delivery

Our website shows a significant increase in usage, up from 26% in 2007 to 33% in the more recent survey. Over 80% of respondents indicated that the website is a helpful source of information.

A section of the survey was dedicated to PAYE *Anytime*, Revenue's on-line service for employees. PAYE *Anytime* was used by about a third of the respondents, a significant increase on the results of the 2007 survey. An average 91% satisfaction rating was recorded, a large increase in the average satisfaction level of 76% recorded in 2007.

Offering self-service channels is an important element of our customer service strategy. These channels help us to meet the challenge of continuing to provide quality and efficient service against a backdrop of reduced resources.

The chart below summarises the main results of the survey



Strategy 2.2 - Make it as easy as possible to do business with us

Making it as easy as possible for our customers to do business with us is essential if we are to maximise voluntary compliance. We help minimise compliance costs, which in turn contributes to the competitiveness of the economy. It is evident from customer feedback, including surveys, that there has been substantial improvement in our service and our contribution to minimising compliance costs over the past number of years. We value such feedback principally as a means of identifying areas of our operations that need more attention.

Customers can help us, and themselves, to be more efficient by using electronic channels where they can.

Output 1. - A variety of service and self service channels available to our customers

Result
<ul style="list-style-type: none">• By the end of 2010, a total of 504,557 customers had registered for our on-line 'PAYE Anytime' service, an increase of over 36% on 2009. There were 360,624 transactions through the service in 2010, up 7.1% on the previous year. <p>See note at Table 16: PAYE <i>Anytime</i> Services.</p>
<ul style="list-style-type: none">• In 2010, 85% of the 62,000 stamp duty returns were received on-line. By end year on-line usage was running at 90%.
<ul style="list-style-type: none">• A facility for existing business customers to register additional taxes, such as Employers' PAYE/PRSI and e-Levy was added to the suite of services available through Revenue Online Service (ROS) in March 2010. <p>This facility was further expanded in November to include new registrations of Individuals and Companies for Income Tax, Corporation Tax, VAT, Employers' PAYE/PRSI, Relevant Contracts Tax and e-Levy.</p>
<ul style="list-style-type: none">• In June 2010 e-Filing was introduced for Capital Acquisitions Tax (CAT), allowing taxpayers to pay and file on ROS. Mandatory e-Filing of CAT returns is required where a relief or exemption is claimed.
<ul style="list-style-type: none">• Phase Two of Mandatory e-Filing came into effect on 1 January 2010 and extended mandatory e-filing and paying via ROS to various public bodies, local authorities, state agencies and other 'large' companies e.g. those with more than 50 employees and a turnover in excess of €7.3 million. Phase Three will take place in 2011.
<ul style="list-style-type: none">• In June 2010, as part of a suite of desktop and mobile-based applications developed for taxpayers, Revenue launched a Health Expenses app to help taxpayers keep track of their medical expenses. By year-end, there were 10,302 downloads of this application to desktops, iPhones and other devices.
<ul style="list-style-type: none">• We introduced an interactive voice response service enabling customers to request tax clearance certificates by phone. Almost 20,000 certificates were issued via the service during the year.
<ul style="list-style-type: none">• On 1 January 2010, a new electronic procedure for cross border VAT refund was introduced across the EU for all claims submitted by traders established within the EU. Applications are made to the Tax Authority of the Member State where the trader is established. The Tax Authority then acknowledges and validates the claim before passing it on for processing to the Tax Authority in the State where the VAT expenditure was incurred.

In the period 1 January to 31 December 2010, some 14,225 refund claims were received by Revenue from traders registered in other Member States and refunds amounting to €51million were made in respect of these claims. During the same period Irish VAT registered traders made 4,984 claims and Other Member States refunded €34 million (approximately) in respect of these claims.

- In 2010, 357 technical queries were submitted to and dealt with by the Revenue Technical Service.
- In 2010, Revenue undertook a review of the Revenue Technical Service to identify issues arising and possible improvements to the service. A Group comprising of Revenue officials and representatives of the main TALC bodies was established to assist in the development and improvement of the service.
- In the lead in to the Pay and File date deadlines, Revenue helpdesks extend their telephone/email answering service beyond their normal working hours. From late October 2010, the opening hours were extended until 8pm and until midnight on the filing date.
- A facility on our 1890 service, to allow customers who are waiting to be dealt with for a certain length of time, to leave their details, if they so wish and be called back by a Revenue Official, was successfully piloted in our Border Midlands West (BMW) Region. This facility will be rolled out to all Regions in 2011.
- Like all organisations involved in electronic communications, we are constantly aware of the threat of the circulation of fraudulent emails, sometimes with convincing reproductions of our website seeking personal details from taxpayers. As we become aware of the circulation of such emails, we post immediate scam warnings to our web site reminding users that the Revenue Commissioners never send emails requesting customers to send personal information via email or pop-up windows. We refer them to our on-line security policy and advise them to contact their bank or credit card company immediately should they have provided bank information in response to these fraudulent emails.

TABLE 15: ELECTRONIC RETURNS 2010 v 2009

	2010	2009	% Change
VAT 3	531,591	526,774	0.91%
Employers' Monthly PAYE Returns - Form P30	516,883	494,559	4.51%
Employers' Annual PAYE Returns - Form P35	148,485	143,080	3.77%
Cessation Certificate - Form P45	395,600	441,349	-10.36%
Income Tax Self Assessment Returns - Form 11	387,362	382,135	1.36%
Corporation Tax Self Assessment Returns - Form CT1	119,744	117,801	1.64%
Vehicle Registration Tax (VRT) Registrations	95,022	62,493	52.05%
Relevant Contracts Tax - Form RCT 30*	195,222	201,265	-3.0%
Relevant Contracts Tax - Form RCT 35	19,198	19,103	0.49%
Customs Declarations	828,078	781,279	5.99%
Total No. of all ROS Returns	3,237,185	3,169,838	2.12%

*The percentage of overall Forms RCT 30 filed through ROS increased by 1%

CHART 3: E-FILING V TOTAL FILING IN 2010

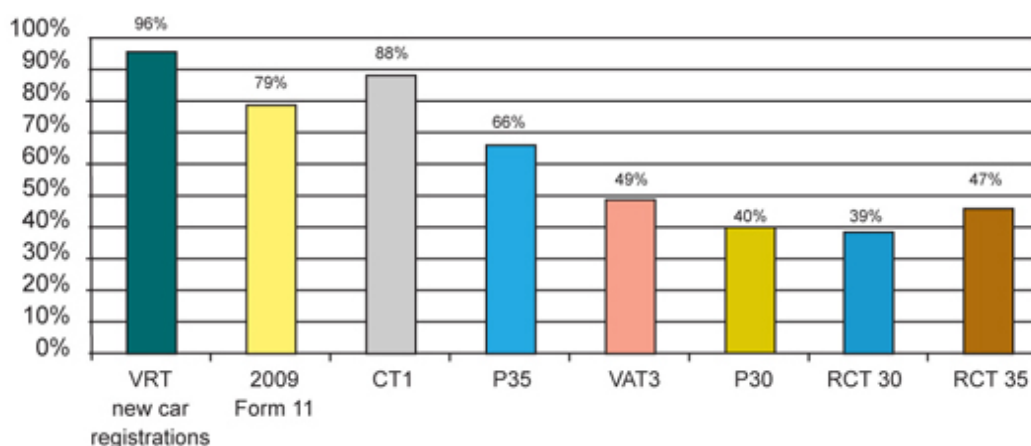


TABLE 16: 'PAYE ANYTIME' SERVICES

	2010	2009	% Change
Credits	284,945	262,726	8.46%
Reviews	75,679	74,091	2.14%
Profile/Pay & Tax/Address change	229,787	277,483	-17.19%
Total	590,411	614,300	- 3.89%
Registrations*	504,557	369,023	36.73%
PAYE Anytime Users (Distinct PPSNs)	188,770	211,976	-10.95%
Forms and Leaflets (web)	39,928	55,317	-27.82%

**This figure has been revised due to the removal of the old Reach registrations where data was incomplete and where users had not logged in since the 'new' PAYE Anytime registration process was launched. Previously, Reach registered customers did not need to re-register to use the service and were therefore included in the figures.*

Output 2. - An up-to-date tax and customs system that is simplified, responsive and which minimises compliance costs

Result

- New procedures to simplify the administration and collection of Capital Acquisitions Tax (CAT) were implemented in 2010.

These include:

- Removal of the Revenue requirement to certify the Inland Revenue Affidavit prior to the issue of Probate by the Courts Service,
 - Abolition of CAT as a charge on property that is the subject of a gift or inheritance,
 - Abolition of secondary accountability,
 - Introduction of a pay and file regime, in line with other taxes,
 - Electronic filing is available for all returns on the Revenue Online Service (ROS), but the option is available to make a straightforward return on paper if the customer so wishes. e-Filing is mandatory in cases where a relief or exemption is claimed.
- A review of Relevant Contracts Tax (RCT) took place in 2010 and recommendations were made to introduce significant reforms to the RCT system to enhance its effectiveness, reduce opportunities for fraud and help decrease the administrative burden for businesses and Revenue. The aims of the reform are (i) to streamline and modernise the scheme, (ii) reduce the administrative burden on business and Revenue, (iii) enhance compliance, (iv) reduce the opportunities for fraud, and (v) improve cash flow for tax compliant subcontractors.
 - DIRT withheld and accrued on interest earned on deposits is paid to Revenue by financial institutions twice each year, in the form of a payment on account in October and a top-up final payment which is due by 15 January of the next year. The payment dates will now be 21 April, 21 July, 21 October and 15 January of each calendar year with any balancing payment accompanying the annual return in January. A provision has also introduced to make it compulsory for financial institutions to issue, to account holders, certificates of DIRT tax deducted from accounts.
 - Our programme of making automatic tax refunds wherever possible continued. We issued over 33,000 automatic refunds to the value of €3.3 million in respect of the costs of prescription drugs. 408 automatic refunds amounting to over €205,000 were issued in respect of tuition fees paid for approved third level college courses.
 - Arising from a review of the Income and Corporation Tax (IT, CT) refunds process, system and operational changes were implemented as a result of which the average turnaround time of manually handled IT and CT refunds was reduced from 28 and 21 days respectively to 14 days.
 - Since 1 September 2010, the National Car Testing Service (NCTS) operates a range of vehicle registration functions on behalf of Revenue. This handover of functions meant that registration of used imported vehicles now takes place in 24 of the NCT Centres around the country and this has allowed Revenue to redeploy staff to other compliance work.

- During the year, work was also completed to allow Revenue to move the basis of the VRT charge to the standard EU wide categorisation. This charge brings improved clarity to the registration process, reduces the possibility of evasion and avoidance of the tax, eliminates anomalies and practices that might have impacted on the safety of vehicles on the roads. The changes came into effect on 1 January 2011.
- Customs declarations are automatically validated and processed on a 24/7 basis by our Customs' Automated Entry Processing (AEP) system. This provides a simplified and paperless environment for traders to operate import and export procedures. In 2010, AEP processed 828,100 import and export customs declarations and collected €1.28 billion duties and taxes.
- Revenue continued to play an active role in the High Level Group on Business Regulation which is tasked with taking positive measures to reduce administrative burden in a number of specific areas, including taxation.
 - Progress was made on the development of an on-line protocol for capturing accounts data information, called XBRL (eXtensible Business Reporting Language).
 - Revenue participates in the cross-departmental Risk-Based Enforcement Working Group, which is examining a number of measures to deliver a more efficient inspection regime based on risk assessment. These include improved data sharing across government departments and agencies and the use of a common business identifier to assist this data exchange.
- Building on the introduction of a national register for Excise Licenses in 2008, a second phase has provided a fully automated system for processing these licenses giving internal resource savings and better customer service. A register of Excise Licences is now published on the Revenue website.
- Section 161 of the Finance Act 2010 provides for a voluntary scheme which allows members of the Judiciary to make payments to the Revenue Commissioners of an amount equivalent to the pension related deduction payable by State employees. Payments amounting to €1.254 million were received from 126 Judges in respect of 2010 under this Section.

Output 3. - Compliance encouraged through more and better engagement with intermediaries and other stakeholders

Results	
<ul style="list-style-type: none"> The Tax Administration Liaison Committee (TALC) is a forum for Revenue and organisations representing tax practitioners to meet and discuss issues relating to the administration of the tax system. The work of main TALC is supported by six sub-committees, which deal with specific areas of tax administration. 	<p>Five meetings of the main TALC were held in 2010 and items discussed included the new Code of Practice for Revenue Audit, Mandatory Reporting, Mandatory e-Filing/e-Payment and administrative and interpretive issues arising from the Budget and the publication of the 2010 Finance Act. The minutes of main TALC meetings are published on Revenue's website.</p>
<ul style="list-style-type: none"> The Customs Consultative Committee is the forum for Revenue and trade representative organisations to discuss issues of mutual interest affecting the customs treatment of imports and exports. The Committee met four times in 2010. The views of the Committee were sought on a number of important issues, including the Authorised Economic Operator Programme, the Electronic Customs Programme, Intellectual Property Rights and the modernisation of the Community Customs Code. 	
<ul style="list-style-type: none"> A public consultation process was undertaken by Revenue in 2010 in preparation for the final 3 phases of the Mandatory e-Filing initiative, following the introduction of phases 1 and 2 in 2009 and 2010. As a result of the consultation, these final phases will be undertaken during 2011, 2012 and 2013, at the end of which virtually all non-PAYE taxpayers will be required to e-File. 	

TABLE 17: PAYMENT TRANSACTIONS IN ROS

	2010	2009	% Change
No of Payment Transactions	719,339	638,786	12.61%
Value of ROS Payments	€27.66 billion	€25.51 billion	8.43%

TABLE 18: VOLUME OF BUSINESS 2010

	Volume in 2010	Volume in 2009	% +/- 2010/2009
Self Assessment (Income Tax)	604,095	601,083	0.50%
Companies	157,440	155,820	1.04%
VAT Registrations	269,275	276,792	-2.72%
Contacts			
Personal Callers	867,927	1,068,926	-18.80%
Telephone Callers Includes 1890 calls:	3,928,622	4,003,765	-1.88%
Visits to the Revenue website (www.revenue.ie)	16,387,504	11,604,785	41.21%
Items processed			
Correspondence	2,891,644	3,153,329	-8.30%
PAYE Employee Reviews	1,219,790	1,418,283	-14.00%
PAYE Returns	83,558	92,793	-9.95%
Income Tax Returns	537,629	533,196	0.83%
Income Tax Repayments	225,812	244,630	-8.33%
Corporation Tax Returns	135,326	138,932	-2.66%
Corporation Tax Repayments	31,925	36,418	-14.07%
VAT Repayments	271,429	385,749	-29.64%
Payments received by Collector General	3,926,563	3,983,711	-1.43%
P35 Returns	217,909	238,375	-8.59%
VAT3 Returns	1,084,503	1,170,991	-7.39%
RCT35 Returns	41,205	43,944	-6.23%
RCT30 Returns	500,278	531,533	-5.88%
Capital Gains Tax Returns	39,675	46,892	-15.39%
Environmental Levy Returns	9,074	10,912	-16.84%
CG50s (Applications for Clearance Certificates)	2,106	2,249	-6.36%
C2s (Sub-contractor certificates) issued	19,570	20,005	-2.17%
Relevant Contracts Tax (RCT) Repayments	108,336	143,530	-24.52%
RCT47s (Payment card authorisations) issued	169,760	212,207	-20.00%
Dividend Withholding Tax (DWT) Returns	6,073	6,815	-10.89%
DWT - Distributions to Individual Shareholders	539,255	361,615	49.12%
Tax Clearance Certificates issued	169,803	167,527	1.36%
Non-residents DWT & RCT Claims	12,498	11,295	10.65%
Exemptions granted to charitable/sporting bodies	413	481	-14.14%
Customs & Excise Declarations	828,100	894,251	-7.40%
Intrastat Declarations	109,893	105,263	4.40%
VIES declarations	54,336	44,971	20.82%
New vehicles registered	103,793	72,429	43.30%
Second-hand vehicles registered	58,324	76,740	-24.00%

Inland Revenue Affidavits	14,319	19,218	-25.49%
Gift/Inheritance and Discretionary Tax Returns ⁽¹⁾	16,560	27,524	-39.83%
Capital Acquisition Tax Certificates of Discharge ⁽²⁾	11,437	33,306	-65.66%
Returns in relation to Companies Capital Duty and Composition Duty and Levies	2,549	2,331	9.35%
Instruments presented for marking and stamping	64,909	111,627	-41.85%
CREST refund claims received	41,454	23,336	77.64%

(1) *DUE TO INDUSTRIAL ACTION THE NUMBER OF RETURNS RECEIVED BETWEEN FEBRUARY AND JUNE 2010 ARE ESTIMATED*

(2) *SINCE 3 APRIL 2010, REVENUE NO LONGER ISSUES CERTIFICATES OF DISCHARGE (SECTION 147, FINANCE ACT 2010).*

TABLE 19: CUSTOMER SERVICE STANDARDS AND RESULTS

Service	Standard	Results 2010	Results 2009
Complaints	Processed impartially within 20 working days	99%	100%
⁽¹⁾ Telephone Service ⁽²⁾	PAYE 1890 calls: 50% within 30 secs 85% within 3 mins 100% within 5 mins	51% within 30 secs 82% within 3 mins 92% within 5 mins	56% within 30 secs 85% within 3 mins 94% within 5 mins
	Other calls answered: 50% within 30 secs 85% within 3 mins 100% within 5 mins	77% within 30 secs 94% within 3 mins 98% within 5 mins	52% within 30 secs 78% within 3 mins 88% within 5 mins
⁽¹⁾ Registrations	PAYE Customers registering for PAYE <i>Anytime</i> , passwords will be issued within 5 working days by ordinary post.	80%	91%
	Business customers registering for ROS, passwords will normally be issued within 8 working days by ordinary post.	100%	100%
	Business customers registering for secure email, passwords will normally be issued within 3 working days by ordinary post.	100%	100%
⁽³⁾ Returns, Declarations Applications	ROS 100% within 5 working days	90%	97%
	Non ROS 80% processed within 10 working days	IT 28% CT 44% Other 96%	IT 14% CT 46% Other 95%
	Non ROS: 100% processed within 20 working days:	IT 44% CT 74% Other 99%	IT 24% CT 77% Other 98%
	AEP Immediate Response	100%	100%
Repayments	⁽⁴⁾ Non-ROS 80% processed within 10 working days	92%	87%
	Non-ROS 100% processed within 20 working days	97%	95%
	ROS 100% within 5 working days	IT 91% CT 64% ⁽⁵⁾ PAYE 97%	IT 87% CT 47%
⁽¹⁾ Correspondence, e-mail, fax	50% 10 days 85% 20 days 100% 30 days	74% 10 days 86% 20 days 93% 30 days	93% 10 days 98% 20 days 99% 30 days
⁽¹⁾ Applications for Tax Clearance Certificates	100% processed within 5 working days	86%	81%
Application for Non-Resident Tax Clearance Certificates	100% processed within 5 working days	87%	85%
Applications for Standards in Public Office Tax Clearance Certificates	100% processed within 5 working days	99%	100%

1. The results for 2009 in the above table in respect of these services cover the period September to December 2009 only.
2. Results shown reflect the period April to Dec 2010 only. Owing to Industrial Action during the period January to March we are unable to provide accurate figures for this time.
3. The 2010 figures include RCT30 and RCT35 Returns, which were not in prior years calculations.
4. Non ROS Repayments include a figure for PAYE Reviews, which has only been available since 14th June 2010. This figure was not in prior year's calculations. This calculation also includes all Registered VAT Repayments, a portion of which will be ROS claims. We are unable to split them by source at this time but their inclusion is in line with prior years.
5. This figure has only been available since 14th June 2010.

Goal 3 - Contribute to economic and social development by participating effectively both Nationally and Internationally

Revenue's primary responsibility to the community is to collect taxes and duties and enforce tax and customs laws. Revenue also has a wider role in contributing to Ireland's economic and social development, particularly in creating an environment that promotes economic growth, encourages investment and improves competitiveness.

Of course, tax and customs systems that are fair, responsive and efficient are, themselves, key ingredients in ensuring economic success and international competitiveness, and Revenue has a key role in providing advice to the Department of Finance on changes to the tax system in the Budget and Finance Bill.

Revenue works with other Departments and agencies to implement Government programmes and contributes actively to a very wide range of national fora.

On the international front, Revenue negotiates double taxation treaties, which are vital to our international competitiveness and inward investment, and we contribute to the development of tax and customs policies and legislation at the EU, the OECD and the World Customs Organisation (WCO). Our objective in this area is to make a positive impact and contribution at national and international level to the implementation of Government policy and programmes.

Strategy 3.1 - Effective contribution to economic and social issues by active participation in Government programmes

Revenue continues to play an active role in a wide range of Government and cross-Departmental activities. In particular, we work closely with the Department of Finance in the development of the Budget and the Finance Acts.

We co-operate closely with An Garda Síochána, the Criminal Assets Bureau, the Naval Service and the Air Corps in the fight against illicit drug smuggling and organised crime.

We also carry out a wide range of “agency” tasks on behalf of other State bodies. These include the collection of PRSI, health levies and the Environment Levy on plastic bags. Our Customs service is closely involved with the implementation of the Common Agricultural Policy, and with preventing the importation of prohibited, restricted or counterfeit goods.

Output 1. - Effective tax and customs legislation

Result
<ul style="list-style-type: none">• Revenue provided advice and support to the Department of Finance on a broad range of measures, which were included in the Finance Act 2010. These include:<ul style="list-style-type: none">○ Changes streamlining and simplifying the administration of Capital Acquisitions Tax (CAT)○ The introduction of a Domicile Levy in respect of certain individuals for the tax year 2010 and subsequent years.○ Reporting by the National Asset Management Agency (NAMA) to Revenue regarding transactions in property, under the National Asset Management Agency Act, 2009.○ Confirmation of Budget application of carbon charge to petrol and diesel, and provision for application of the charge to other mineral oils.○ Provision for Natural Gas Carbon Tax and Solid Fuel Carbon Tax.○ Transposition into Irish law of EU Directive 2008/118 on the control and movement of excisable products.○ Increases in the penalties, on conviction on indictment, for certain customs and excise offences.○ Confirmation of Budget reduction in the rates of Alcohol Products Tax.○ Bringing State and Public Bodies within the Scope of VAT where they provide services outside their regulatory function and where they engage in activities that are likely to lead to distortions of competition.○ Introducing a VAT reverse charge mechanism for carbon credits.○ Extending the VAT margin scheme for second hand goods to include second hand means of transport and agricultural machinery.○ Amending the VAT on property provisions in relation to the forced sale of property and the capital goods scheme.○ Providing for VAT deductibility for business conferences in the travel agents' margin scheme.

- Strengthening the conditions for zero-rating the supply of travellers' qualifying goods under the VAT retail export scheme.
- Amending the time of taxation for VAT of mobile phone top-ups and telephone cards.
- Amending the requirements in relation to zero-rating for VAT the importation of goods that are destined for another EU Member State.
- Extensive work was carried out on drafting the VAT Consolidation Bill 2010 culminating in its enactment in November 2010. The Act has been remodeled, as far as possible, on the EU VAT Directive. The language has been modernised and the Act structured to make it more accessible and user-friendly for all users.
- Statutory Instrument No. 144 of 2010 (Value-Added Tax Amendment Regulations 2010) amended VAT Regulations 2006 in relation to record keeping for the purposes of the travel agents' margin scheme.
- European Communities (VAT) Regulations 2010 were made by means of Statutory Instrument No. 317 of 2010 to correct minor amendments and omissions in European Communities (VAT) Regulations 2009.
- European Union (VAT) Regulations 2010 were made by means of Statutory Instrument No. 612 of 2010. These Regulations amend the VAT Consolidation Act 2010 and give effect to three EU Directives. These Directives relate to (a) changes to the place of supply rules for services in respect of admissions to events, fairs, conferences etc., (b) various technical amendments relating to international bodies, deductibility for property and transmission of natural gas, and (c) an exceptional extension to the deadline for the receipt of claims for intra-Community VAT refunds in respect of 2009.
- Various amendments to the scheme of capital allowances for intangible assets to enhance the scheme's effectiveness in supporting the development of the knowledge economy.
- Simplification of administrative procedures for non-resident corporate shareholders claiming exemption from Dividend Withholding Tax (DWT).
- The legislation was amended to align Ireland with best international practice in the area of transfer pricing by formally adopting the OECD Transfer Pricing Guidelines. The legislation protects the Irish tax base, removes the uncertainty regarding the application of internationally accepted transfer pricing standards in Ireland and enhances Ireland's capacity to influence the direction of future developments in relation to transfer pricing in international taxation.
- Unilateral credit relief for foreign tax paid on royalties received by Irish companies. The legislation provides that withholding tax suffered by companies on royalty payments, in countries with which Ireland does not have a tax treaty, may now be credited against the corporation tax payable by the company which is attributable to those royalties. The provision removes a barrier to Irish companies conducting business with persons resident in non-treaty countries where withholding taxes apply to royalties.
- Extending the 12½% rate of Corporation Tax to dividends paid out of the underlying trading profits of certain companies resident in non-treaty countries and with simplifying the rules for identifying the underlying profits out of which dividends are paid for the purposes of determining the rate of tax to be applied to those dividends.
- An anti-avoidance measure designed to deny an existing tax exemption for distributions of profits between Irish-resident connected companies where the profits of the paying company were earned while it was resident outside the State.

- Revenue also provided advice and draft legislation for the Department of Finance in connection with a Government initiative on the development of the Financial Services sector. This included:
 - Legislation to facilitate Islamic Financial transactions to ensure that any such transaction will be subject to tax in the same way as a comparable Irish financial transaction.

The legislation was followed by the publication of comprehensive guidance notes outlining details of the arrangements.
 - A provision to amend the leasing regime to allow a lessor claim accounting depreciation rather than capital allowances on leased plant and machinery in certain circumstances. Provisions were also included to restrict the amount of tax deductions in respect of leased plant and machinery that can be claimed by a lessee.
 - A provision to ease the administrative burden for collective investment funds that are focused on the international rather than on the domestic market.
 - A provision that facilitates the management in one Member State of collective investment funds established under the laws of another Member State.
- Using Revenue data, the fiscal contribution of US companies in Ireland was analysed by our Research and Analytics Branch and a paper entitled "The Economic and Fiscal Contribution of US Investment in Ireland" was presented to the Statistical and Social Inquiry Society of Ireland in December 2010.

Output 2. - National programmes and other initiatives that reflect Revenue's input

Result

- In 2010, Revenue continued to work with the Department of Justice and Law Reform in order to ensure that relevant Criminal Justice legislation took account of Revenue's needs and the possibilities the legislation afforded to enhance Revenue's effectiveness in tackling criminal activity. Among the initiatives considered were proposals aimed at simplifying the exchange of information between law enforcement agencies in the EU. Specific legislative provisions considered included the:
 - Criminal Justice (Psychoactive Substances) Act, 2010;
 - Criminal Justice (Miscellaneous Provisions) Bill, 2010;
 - Immigration, Residence and Protection Bill, 2010; and
 - Communications (Retention of Data) Bill, 2009.
- Revenue continues its commitment to supporting the Government's National Drugs Strategy for 2009–2016 as a member of the Oversight Forum on Drugs with the assignment of an officer to work in the Office of the Minister for Drugs.
- Revenue is a member of the Inter-Departmental Working Group that is examining the potential of a new postal code system for Ireland.

Output 3. - Customs activities that facilitate legitimate trade to the greatest extent possible consistent with our security and anti-smuggling responsibilities

Result

- Revenue continued to operate the Authorised Economic Operator Programme (AEO). The programme is designed to facilitate trade movements while at the same time ensuring that the international supply chain is protected. During 2010 18 AEO certificates were issued bringing the total to 53 issued to Irish traders.
- Implementation of the Multi Annual Strategy Programme (MASP) for eCustoms continued with the release of the Import Control System and its associated Risk Profiling in June 2010. This is a mandatory EU system that ensures uniform targeting and identification of goods entering the EU and is intended to increase the safety and security of the supply chain.

Output 4. - Effective provision of agency services on behalf of other Departments and Offices

Result

- Revenue provided extensive advice to the Department of Finance on a range of proposals in preparation for the 2011 Budget. Considerable work was successfully undertaken in drafting legislation for the Finance Act 2010 and work commenced on the drafting of the 2011 Finance Bill.
- Following the enactment of the Civil Partnership and Certain Rights and Obligations of Cohabitants Act in 2010, we have reviewed all tax provisions with a view to identifying the changes that are required to provide the same tax treatment for civil partners as that provided for spouses.
- We prepared Financial Resolutions in respect of the:
 - Introduction of Universal Social Charge;
 - Restriction of tax free element of termination payments;
 - Application of the PAYE/PRSI system to share awards.
- Revenue collected PRSI on behalf of the Department of Social Protection and Health Contributions on behalf of the Department of Health and Children. The amounts collected and paid over by Revenue to those Departments in 2010 were:
 - Net PRSI and Health Contributions from employers/employees €8.725 billion;
 - Net PRSI and Health Contributions from the self-employed €384 million.
- The Environmental Levy (plastic bags) collected by Revenue on behalf of the Department of the Environment, Heritage and Local Government was €19.2 million in 2010.
- The Revenue Data Centre provides a range of computer services on behalf of Government Departments and Public Sector agencies, in co-operation with the Government's shared services objective and the Transforming Public Services strategy.
- In 2010 computer servers were hosted for twelve departments/agencies, with software services such as PKI security, and computer printing and mailing services for another six bodies.
- The Revenue Printing Centre provides a range of print media design and non-computer printing services to other departments/agencies.

Strategy 3.2 - Active participation internationally with a view to increasing Tax and Customs cooperation

The growth in international trade and investments, globalisation, the use of tax havens, cross-border eCommerce, cross-border tax fraud, the smuggling of illicit drugs and border security concerns all present major challenges to Ireland in terms of developing appropriate responses.

Revenue plays an active role in developing appropriate responses to these challenges. In particular, greater international cooperation between tax and customs administrations is an essential part of any response to tackling cross-border tax and customs related criminality. Revenue continues to work towards fostering and developing greater international co-operation in these areas.

We continue to negotiate double taxation treaties and contribute to the development of tax and customs policies and legislation at the EU, the OECD and the World Customs Organisation (WCO). In doing so, we are conscious of the need to promote Ireland as a location for inward investment and to ensure that the right balance is struck between security concerns and trade facilitation. Irish officials ensure that Irish concerns are taken into account in drafting any proposals.

Output 1. - EU policy proposals and legislation that reflects Irish interests to the greatest possible extent

Result

- A new Council Directive 2011/16/EU, replacing Council Directive 77/799, on administrative cooperation in the field of taxation was adopted in December 2010. Revenue, together with the Department of Finance, participated in the discussions leading to the adoption of the new Directive.
- Revenue monitored developments in relation to the EU Commission's anticipated proposal for a common consolidated corporate tax base within the EU and provided advice to the Department of Finance in briefing Government on the matter.
- Revenue also participated in discussions at EU level that confirmed the remit of the Code of Conduct (Business Taxation) Group as covering specific proposed arrangements, involving shareholder taxation that would be similar in effect to ring-fenced corporation tax regimes.
- The European Commission adopted a proposal in November 2008 to amend the EU Taxation of Savings Directive with a view to closing existing loopholes and eliminating tax evasion. Revenue and the Department of Finance continue to actively contribute to the development of this proposal, which seeks to better ensure the taxation of interest payments channelled through intermediate tax-exempted structures and to extend its scope to similar income obtained on other financial products, including certain life insurance products.
- Revenue continues to be actively involved in shaping EU Customs legislation and supporting systems. Revenue officials were involved in high-level discussions on the implementing provisions for the Modernised Customs Code, which updates and simplifies existing EU Customs legislation. Revenue officials were also involved in discussions at EU level on initiatives to strengthen security, trade protection and trade facilitation including the development of fully interoperable electronic systems. The modernised legislation and supporting IT systems allow much improved cooperation between the customs administrations of all Member States in managing risk, exchanging information and supporting trade.

Output 2. - Exert influence at the OECD, the WCO and other international policy-making organisations in line with Government policy

Result

- Revenue is a member of the OECD's Forum on Tax Administration (FTA). The FTA is a forum at which senior tax administrators identify, discuss and influence relevant global trends and develop new ideas to enhance tax administration around the world. Revenue's Chairman is one of the twelve members of the Bureau that oversees the work of the forum. Associated with this, Revenue is leading a study on the implementation of security and identity authentication systems in delivering confidential electronic services. Revenue is also participating in a number of other projects examining priority areas of interest to international tax administrations, including:
 - Tax repayments: maintaining the balance between refund service delivery, compliance and integrity;
 - Use of social media technologies; and
 - Reducing opportunities for the informal economy.
- Revenue continued to participate at meetings of the OECD Committee on Fiscal Affairs (CFA), which brings together senior tax officials from all OECD member countries. The CFA sets the OECD's work programme in the tax area, which is carried out by groups of experts from participating countries. Groups on which Revenue was actively involved in 2010 include the working parties on:
 - Tax treaty issues;
 - Tax policy analysis and statistics work;
 - The taxation of multinational enterprises (transfer pricing);
 - Consumption taxes and
 - Exchange of information and tax compliance.
- Further groups on which Revenue participated in 2010 included the steering group on aggressive tax planning, as well as a special group dealing with transfer pricing of intangible assets.
- Revenue chaired an OECD Pilot Group on Improving Procedures for Tax Relief for Cross-Border Investors in 2009; in 2010 Revenue was involved in the Treaty Relief and Compliance Enhancement (TRACE) group, which is charged with taking this work forward.
- Ireland has an active and influential role in the World Customs Organisation (WCO) and was elected to represent the Europe Region on the WCO Audit Committee in 2009 and now chairs that Committee.

In April 2010, as part of our continued support for the work of the WCO, the annual IT Conference was held in Dublin. This event brought together representatives from Customs Administrations, trade and business interests and various Government and non-Governmental agencies. It was attended by some 500 delegates from over 60 countries and offered an excellent opportunity to deepen the relationship between Customs and business, providing an ideal forum for the exchange of views on global IT and information management developments in the Customs environment.

Output 3. - An extended and modernised network of double taxation treaties and other international agreements that facilitates investment, international trade in goods and services, and supports the fight against tax evasion and other trans-national crime

Result

- By the end of 2010 Ireland had signed comprehensive DTAs (Double Taxation Agreements) with 62 countries, of which 54 are in effect. The agreements cover direct taxes, which in the case of Ireland are Income Tax, Corporation Tax and Capital Gains Tax.

Details of the Double Taxation Agreements (DTA) activity for 2010 are as follows:

- 3 new DTAs came into effect on 1 January 2010: Belarus, Macedonia and Malta.

New DTAs came into force with Georgia (6 May 2010), Moldova (22 April 2010), Serbia (16 June 2010) and Turkey (18 August 2010).
 - 6 new DTAs were signed this year with: Hong Kong (22 June 2010), Morocco (22 June 2010), United Arab Emirates (1 July 2010), Montenegro (7 October 2010), Singapore (28 October 2010) and Kuwait (23 November 2010). The Oireachtas Committee on Finance and the Public Service approved them on 15 December 2010 as part of the ratification process.
 - A Protocol to the South African Double Taxation Convention was signed on 17 March 2010 and a Protocol to the German Double Taxation Convention was signed on 25 May 2010. These two Protocols together with the Protocols to the Austrian DTA, signed on 16 December 2009, and the Malaysian DTA, signed 16 December 2009, are currently being processed towards ratification. The Oireachtas Committee on Finance and the Public Service approved them on 15 December 2010 as part of the ratification process.
 - Legal procedures to bring the Bosnia & Herzegovina DTA into force were completed by Ireland in April 2010.
 - A new DTA was concluded with Panama and is awaiting signature.
 - A new DTA to replace the existing treaty with Germany has been agreed and Government approval to sign it was given on 14 December 2010.
 - Renegotiations on the Swiss DTA concluded in July with agreement on a new Protocol. Government approval to sign it was obtained on 14 December 2010.
- Tax Information Exchange Agreements:
 - 6 Tax Information Exchange Agreements (TIEAs) - Bermuda, Cayman Islands, Gibraltar, Guernsey, Jersey and Liechtenstein - have been ratified by both parties and are in effect.
 - 2 TIEAs (Anguilla, and Turks & Caicos Islands) were ratified by Ireland.
 - TIEAs were signed with the Marshall Islands on 2 September and with Belize on 18 November. The Committee on Finance and the Public Service approved them on 15 December 2010, as part of the ratification process.
 - TIEA negotiations with Dominica and Grenada were concluded.
 - A TIEA was concluded with Vanuatu and is awaiting signature.

- TIEA negotiations with the Bahamas are in progress.
- Signed TIEAs with Antigua & Barbuda, British Virgin Islands, Cook Islands, Samoa, St. Lucia, and St Vincent and the Grenadines were approved by Committee on Finance and the Public Service on 15 December 2010 as part of the ratification process.

Output 4. - Technical assistance to be provided to other tax and administrations and other bodies (OECD, WCO, etc.)

Result
<ul style="list-style-type: none"> • Details of requests received and issued, under the various Mutual Assistance Conventions, are shown in Table 20: Mutual Assistance Requests. <p>In 2010 we received requests for information from 28 countries with the bulk of requests coming from the UK and France. Ireland issued requests for information to 13 countries with the bulk of the requests going to the UK and Spain. The type of information requested included tax information (tax returns, financial accounts, tax refunds etc), employment details, property information (including ownership, sale/purchase details) and bank information.</p> <ul style="list-style-type: none"> • Revenue continued to participate in the Fiscalis and Customs 2013 Exchange Programmes. Under the Fiscalis Programme there were 45 Inward and 21 Outward Exchanges in 2010, while under Customs 2013 there were 22 Inward and 25 Outward Exchange. • Revenue provided technical assistance to the World Customs Organisation (WCO) and to other Customs administrations in the areas of Non-Intrusive Inspection (NII) and Technologies and Customs Radiation Protection Procedures. • Throughout 2010 we further supported the development of, and encouraged the adoption of, good practice in tax administration through our active participation in the Intra European Organisation of Tax Administration's (IOTA) technical activities programme. In October 2010, Revenue successfully hosted an IOTA Area Group meeting on Large Taxpayer Treatment and Audit.

TABLE 20: MUTUAL ASSISTANCE REQUESTS

Mutual Assistance Request	Received 2010	Received 2009	Sent 2010	Sent 2009
From/to EU Member States	2,942	2,904*	671	413
From/to other countries	37	12	17	4
Total	2,979	2,916	688	417
Europol Requests	147	216	28	52

* Includes 1,339 requests received under Operation Danu, an international maritime operation coordinated by Ireland.

Goal 4 - Develop our people, processes and technology to make sure we are a capable, responsive results-oriented organisation

Revenue strives to be a capable, flexible and results-oriented organisation. Our priorities include the building up of the capability of our people and continued investment in Information and Communications Technology (ICT).

We continue to develop expertise and skills and address skills and capability gaps to develop the organisation and respond to challenges. Our organisational structures continue to be adapted and developed as circumstances change.

Our ICT, in particular, is very well aligned with the needs of our customers and with our own business needs and continues to exploit new opportunities.

We seek to maximise value creation from our investments in these areas so as to deliver improved operational efficiency.

Strategy 4.1 - Develop our people

The skills and experience of our people, together with their commitment, goodwill and pride in their work, have been crucial in enabling Revenue to deliver results and get to grips with the volume of business in recent years.

With more active customer service provision and a more risk-based and analytical approach to compliance, we are focusing more on skills development through targeted training.

Output 1. - Highly motivated and well trained staff capable of working in a challenging environment

Result
<ul style="list-style-type: none">• In 2010, the total number of staff in Revenue fell from 6,105 to 6,063. While 227 staff left Revenue during 2010 through normal retirement (105), incentivised early retirement scheme (66), career break (11) and transfers and other secondments (45), this was offset by recruitment and redeployment to fill vacancies in critical business areas.• In a significant change, Revenue recruited at Principal and Assistant Principal level from the open market to address specific skills shortages in Audit & Investigation and in Large Cases Divisions. 85% of the recruits came from the private sector.• The total spend on training and development amounted to €7.38 million or 2.53% of payroll costs. At the 2011 graduation ceremony in the University of Limerick 48 Revenue students were awarded BA (Hons) in Applied Taxation and a further 67 with Diplomas in Applied Taxation. To date a total of 577 Revenue students have graduated from this University, enhancing the professionalism, status, effectiveness and reputation of this Organisation.• Significant progress was made during 2010 culminating in new caseworking methodologies, IDEA software and technologies and a Student Journal to capture learning elements and progress all now embedded into training programmes and working practices. The library of e-learning materials for Customs was also significantly expanded and a large volume of training materials migrated to MOODLE, in line with commitments to develop more e-learning facilities for staff development.• The ongoing partnership between management, staff and unions continues to play an important role in progressing Revenue's corporate and modernisation agendas. Partnership is well embedded in the organisation and is linked to our strategies and goals. We make effective use of partnership at national, regional and local level to encourage innovation and improvement.

Output 2. - An organisation that has a positive attitude, and is responsive to diversity and committed to equality of opportunity for all its staff

Result
<ul style="list-style-type: none">The gender equality targets for 2010, set down in the 2008-2010 Statement of Strategy have been largely achieved. <p>See Table 21: Gender Equality.</p>

TABLE 21: GENDER EQUALITY

Grades	Target % posts to be held by women by end 2010	No of posts held by women at end 2010
Higher Executive Officer (HEO) / Administrative Officer (AO)	50%	49%
Assistant Principal (AP)	30%	31%
Principal Officer (PO)	27%	25%

Strategy 4.2 - Optimise our use of resources and our organisation structures

To effectively support our strategies we must continuously evolve as an organisation. The changes to our work environment over the last number of years required us to constantly refine and develop our structures and to look at new and innovative working methods.

Information and Communications Technology (ICT), an essential part of Revenue's operations, is critical to the achievement of our Goals. Revenue is at the forefront in exploiting technology to provide better services to our customers, to deploy effective compliance programmes and to maximise revenue collection.

Output 1. - Effective and efficient use of resources

Result
<ul style="list-style-type: none"> • Cost of Administration as a percentage of Gross Receipts was 0.98% in 2010. See Table 22 and Chart 4 for details. • Revenue is fully compliant with the Prompt Payment of Accounts Act 1997 and the European Communities (Late Payment in Commercial Transactions) Regulations 2002 – see Table 23. <p>We also comply with the Government commitment to paying suppliers within 15 days.</p> <ul style="list-style-type: none"> • As part of consolidating its operations, Revenue vacated 5 offices during 2010: <ul style="list-style-type: none"> ○ Earl House, Dundalk ○ Fitzpatrick Square, Clones ○ Custom House, Galway ○ Clanwilliam Court, Lower Mount Street, Dublin ○ Cross Street, New Ross. • As part of our multi-sourcing policy, we replaced existing contracts for external ICT resources following an open approach to the market and now work with a mix of seven global companies and local SMEs. • In 2010, we undertook a range of initiatives to improve energy efficiency across the organization, resulting in a saving of 3,698MWh of energy.

TABLE 22: COST OF ADMINISTRATION

	2010	2009
Cost of Administration as a % of Gross Receipts	0.98%	1.09%

CHART 4: TOTAL EXPENDITURE WAS €401,767,000 BROKEN DOWN AS FOLLOWS:

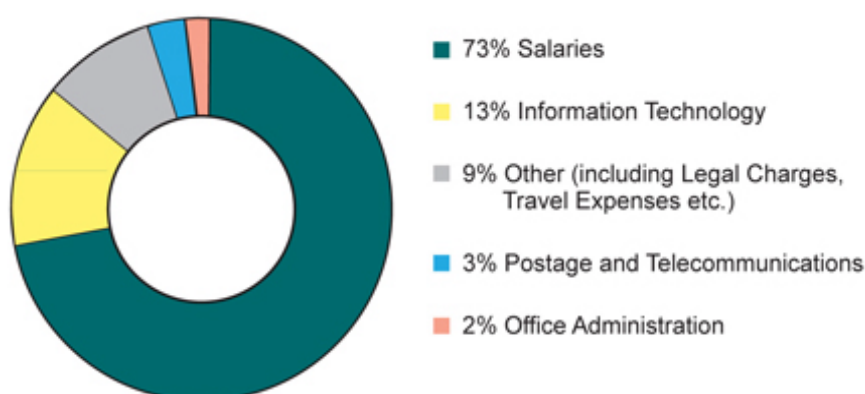


TABLE 23: PAYMENT OF ACCOUNTS STATISTICS 2010

Payments	Value
Total value of all payments	€106,338,766.44
Total value of all late payments (including those under €317)	€14,067.83
Value of late payments in excess of €317	€14,067.83
Value of total late payments as a percentage of total payments	0.1%
Number of late payments in excess of €317 (Invoice Value)	3
Amount of interest paid on all late payments	€75.70
Amount of interest on all late payments as a percentage of total payments	0.00007%
Average delay in days (Invoices in excess of €317)	56.6

Output 2. - More effective strategy development, business planning and performance measurement

Result
<ul style="list-style-type: none"> A project is underway to improve the measurement and reporting of costs and performance. This project will deliver more flexible and outcome-focused management information. Delivery of the first phase of this project is scheduled for the end of May 2011. In May 2010, Revenue accepted an invitation from HM Revenue and Customs (HMRC) to participate in a benchmark study of specific aspects of tax administration, with the objective of identifying areas of best practice. The study involves a total of ten tax administrations worldwide and is focused on ten administrative processes common to each. HMRC anticipate that a draft report will be available in the first half of 2011.

Output 3. - Better internal communication to ensure the alignment of legislative and administrative needs

Result
<ul style="list-style-type: none"> The internal process, established in 2008, to ensure that all operational manuals are kept up to date, continued in 2010. Networks of operational and Revenue Legislation Service staff improved during 2010 and a new Excise Management Group was established.

Output 4. - Implementation of civil service modernisation agenda

Result

- Revenue was one of four organisations reviewed in the Department of the Taoiseach's Organisational Review Programme. The review focused on three key areas - strategy, managing delivery and evaluation. The published report, which includes our Action Plan to address issues raised, had very positive things to say about Revenue. A key objective in Revenue's Annual Corporate Plan for 2011 is delivery on the issues raised in the Report.

Output 5. - Optimal use of ICT in our business processes

Result

- In February 2010, Revenue achieved the ISO 27001 Information Security Standard for our websites, www.revenue.ie and www.ros.ie. In December, our Information, Communications & Logistics Division achieved the BS 25999 Business Continuity Management Standard. Revenue is the first organisation in Ireland to achieve this certification.
- A number of successful ICT projects were implemented during 2010 providing new facilities for taxpayers/customers and their representatives as well as internal staff. Examples are as follows:
 - Taxpayers and their agents were given the facility to register and amend existing registration details online via ROS.
 - A mobile 'app' to manage and submit Health Expenses was made available on a variety of mobile devices such as the iPhone.
 - A desktop application that combines a tax calendar/reminder system with the ability to pay and file for VAT and PAYE Employer Remittances was successfully piloted.
 - An Excise Movement Control System launched in April provides more accurate and timely exchange of information between member states, identifying fraudulent activities.
 - The Import Control System, with embedded Safety and Security features, introduced risk analysis to goods crossing into the EU, and allowed sharing of the information with the Member State for which the goods are destined.
 - A significant range of new features was provided in our Case Management application, following a detailed business process review. This has significantly advanced risk-based case working in Revenue.
 - Other development areas included Capital Acquisitions Tax, Vehicle Registration Tax Redesign, PAYE Enhancements and consolidation of AG's Financials applications.

Output 6. - Enhanced systems to support customer insight, information management and customer analytics

Result

- Revenue continues to carry out a portfolio of analytics projects. These projects provide better insights of our customer base and the information is used to inform both customer service and compliance programmes.
- The Integrated Business Intelligence team provided dashboard style reports giving business unit managers greater insight into and control of operations for eStamping, EU Vat, Refunds management, Case Management interventions and audits and the S111 returns related to Vehicle Insurance of foreign registered cars.
- Additional 3rd party data was added to the data warehouse to improve our case profiling, including data on Non Principal Private Residences and from the Private Residential Tenancies Board.
- To combat VRT evasion, the Finance Act 2010 introduced a requirement for a return of information to be made to Revenue by vehicle insurers who issue policies of motor insurance to persons in the State in relation to foreign registered vehicles for a period in excess of 42 days. 11 insurance companies made a total of 12,500 returns under this provision during 2010. These returns were loaded into our business intelligence system and distributed to staff for follow-up.

Accounting for Our Performance

Comptroller and Auditor General

Revenue is subject to an annual audit examination by the Office of the Comptroller and Auditor General. The findings of this audit are published in the Comptroller and Auditor General's Annual Report. The audit reports on tax collected, expenditure, systems, procedures and practices. It also includes in-depth examination of selected Revenue activities.

Committee of Public Accounts

As Accounting Officer, the Revenue Chairman appears before the Committee of Public Accounts (PAC) to deal with issues arising from the Annual Report of the Comptroller and Auditor General and other matters relating to the activities of the Office that the Committee wish to discuss.

Other Committees of the Houses of the Oireachtas

The Chairman and Revenue officials attend other Oireachtas committees, such as the Committee on Finance and the Public Service, as required.

Appeals

Taxpayers have rights of appeal to the Appeal Commissioners and the Courts in relation to a range of tax and duty issues. Depending on their complexity, certain appeals can take a considerable time to bring to finality. Revenue has an Appeals Committee in place to consider which appeals should proceed to the higher stage.

Table 24 sets out the decisions given in appeal cases at the various stages in 2010.

TABLE 24: OUTCOME OF APPEALS IN 2010

	Total 2010	Decided		Settled or Withdrawn
		Won by Revenue	Won by Appellant	
Number of Cases at Supreme Court stage	0	0	0	0
Number of Cases at High Court stage	4	0	0	4
Number of Cases at CCJ stage	19	9	0	10
Number of Cases at Appeal Commissioner stage	49	25	5	19
Total	72	34	5	33

Joint and Internal Review Procedure

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 acting in conjunction with a senior Revenue officer. The number of taxpayers requesting Joint and Internal Reviews in 2010 is set out in **Table 25**.

An examination of the Internal Review procedures commenced in 2010.

TABLE 25: INTERNAL REVIEWS IN 2010

	Internal	Joint	2010 Total	Internal	Joint	2009 Total
Number Received	20	51	71	17	35	52
Number Finalised	19	44	63	16	29	45
Decision Upheld	7	35	42	12	25	37
Decision Revised / Partly Revised	8	7	15	4	3	7
Withdrawn or agreed prior to being sent to Reviewers	4	2	6	0	1	1

The Ombudsman

In 2010, the Ombudsman received 123 complaints relating to Revenue and finalised 115 complaints. **Table 26**: Complaints Relating to Revenue Made to the Ombudsman in 2010 and **Table 27**: Complaints Relating to Revenue Completed by the Ombudsman in 2010 provide further summary information.

TABLE 26: COMPLAINTS RELATING TO REVENUE MADE TO THE OMBUDSMAN IN 2010

Total Received and Subject	Number of Complaints
Income Tax	60
VAT/ Inheritance Tax/ CGT	15
Customs & Excise	3
Stamp Duty	3
Delay/no response to Correspondence	10
Miscellaneous	31
VRT	1
Total	123

TABLE 27: COMPLAINTS RELATING TO REVENUE COMPLETED BY THE OMBUDSMAN IN 2010

Total Completed and Outcome	Number of Complaints
Not Upheld	27
Withdrawn	4
Discontinued	54
Assistance Provided	11
Partially Resolved	0
Resolved	19
Total	115

Note: Figures provisional pending publication of the Ombudsman's Annual Report for 2010.

Data Protection

During 2010, 32 access requests were received under the Data Protection Acts, 27 were granted in full, 2 were withdrawn and 3 were partially granted. In addition, 12 case specific enquiries were received from the Office of the Data Protection Commissioner. These were fully considered, and finalised, to the satisfaction of the Commissioner.

Freedom of Information

Revenue's Freedom of Information publications under Section 15 of the FoI Acts (structure, organisation, functions, services and records of Revenue) and Section 16 (rules, procedures, practices, guidelines and interpretations of Revenue) are updated as required and published on our website.

TABLE 28: FOI REQUESTS

FOI Requests	2010	2009
Received	194	129
Released in Full	73	45
Released in Part	57	46
Refused	36	25
Dealt with outside of FOI/Withdrawn/Transferred	24	21
Requests for Internal Review	18	10
Appeals to the Information Commissioner	10	10

TABLE 29: REPRESENTATIONS RECEIVED BY THE CHAIRMAN'S OFFICE FROM PUBLIC REPRESENTATIVES IN 2010

Name	General Issue	On behalf of a Person	Total
Ahern, Bertie		5	5
Ahern, Noel		6	6
Aylward, Bobby		1	1
Brady, Cyprian		2	2
Broughan, Thomas		5	5
Bruton, Richard		4	4
Collins, Niall		3	3
Connick, Sean	1	5	6
Coughlan, Mary		5	5
Coveney, Simon	1		1
Cowen, Brian		16	16
Crawford, Seymour		1	1
Crowley, Brian		1	1
Curran, John		2	2
Dempsey, Noel	3	9	12
Dooley, Timmy	2	4	6
Fahey, Frank	1	1	2
Flanagan, Charlie	1		1
Fleming, Sean	1	6	7
Gilmore, Eamon	1		1
Gormley, John	1	1	2
Harney, Mary		1	1
Hogan, Phil		1	1
Howlin, Brendan	1	1	2
Keaveney, Cecilia	1		1
Kelleher, Billy		3	3
Kelly, Peter	1		1
Kenneally, Brendan	1	4	5
Killeen, Tony	1	4	5
Kitt, Michael	1		1
Kitt, Tom		2	2
Lenihan, Brian	19	204	223*
Lenihan, Conor	1	7	8
Mansergh, Martin	1		1
Martin, Michéal		2	2
McCormack, Pádraic		1	1
McGuinness, John		1	1
Moloney, John		1	1
Naughten, Denis	1	8	9
Ó Cuív, Éamon		1	1
Ó Fearghail, Seán		1	1
O'Brien, Darragh		1	1
O'Dea, Willie		1	1
O'Donoghue, John		1	1
O'Keefe, Batt		2	2
Quinn, Ruairi	1		1
Rabbitte, Pat		1	1
Smith, Brendan		2	2
Varadkar, Leo	1	2	3
Woods, Michael		3	3
Totals	42	332	374

* 165 of these representations were referred from the Minister for Finance in circumstances where elected representatives had made representations to him in the first place

Corporate Governance

The administration and management of taxes and customs is vested in the Revenue Commissioners, who are subject to the general direction of the Minister for Finance but are independent in the day-to-day management of the Office and in relation to taxpayers' affairs. The Board of the Revenue Commissioners consists of three Commissioners, one of whom is Chairman. The Chairman is the Accounting Officer for Revenue and the Head of the Office under the Public Service Management Act 1997.

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, senior management appointments and resource deployment. The Board reviews compliance with key legislation such as the Ethics in Public Office Acts, the Freedom of Information Acts and the Prompt Payment of Accounts legislation.

The Board reports annually to the Minister for Finance on the implementation of Revenue's Statement of Strategy, as required by the Public Service Management Act 1997.

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. In addition, the Board has formally delegated responsibility for certain Human Resource Management matters to Assistant Secretaries as a group.

Management Advisory Committee (MAC)

A Management Advisory Committee, 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 existing programmes and priorities to ensure that they remain responsive to emerging developments, deals with business issues which have cross-divisional impact and plays a key role in managing corporate risk.

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, 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). The Act and the revised Civil Service Disciplinary Code came into effect on 4th July 2006.

Internal Audit

While it is the function of management to put in place the necessary systems, processes and procedures required to deliver on Revenue's business objectives, the Board places a high degree of importance on having such systems and processes independently examined and assessed by Revenue's internal audit function. An audit plan is prepared each year, based on consultation with the Board, senior management, Audit Committee and input from the Director of Internal Audit. The Chairman of the Board approves the plan.

The Director of Internal Audit reports directly to the Chairman, as Accounting Officer. Internal audit in Revenue is overseen by an Audit Committee, which is made up of five members, four of whom are from outside Revenue. The role of the Committee is to oversee the internal audit function and to advise the Revenue Board in relation to its operation and development. The Committee operates in accordance with a Charter, which sets out its role, membership functions, working procedures and reporting requirements. The Charter is jointly agreed by the Revenue Board and the Audit Committee and is formally signed off by the Revenue Chairman and the Chairperson of the Audit Committee, who is one of the external members. The Committee meets four times per year - usually in March, June, September and December. The 2010 annual report of the Audit Committee has been posted on the Revenue website.

The Board would like to take the opportunity to specifically acknowledge the commitment and role played by the outgoing audit committee chairman, Noel O'Connell, Director of Audit, Local Government Audit Service, Department of Environment, Heritage and Local Government. Noel served on the first Revenue Audit Committee in 1999 and has been chairman since 2007.

The new chairman of the Audit Committee is Gerry Kearney, former secretary-general of the Department of Community, Rural and Gaeltacht Affairs.

Assistant Secretaries



Denis Graham
Investigations &
Prosecutions



Eamonn O'Dea
Corporate
Business &
International



Eugene Creighton
Income & Capital
Taxes



Frances Cooke
Revenue Solicitor



Frank Mullen
Large Cases



Gerry Howard
East South-East



Gerard Moran
Corporate Services



Gerry Harrahill
Collector General



Joe Howley
Border Midlands West



Liam Ryan
Information,
Communications
Technology &
Logistics



Niall Cody
Dublin



Norman Gillanders
Planning



Philip Brennan
Indirect Taxes



Tony Buckley
South West



Willie Funnell
Customs &
Accountant
General

Senior Management Changes

1. Ms. Frances Cooke, Revenue Solicitor retired on 1 September 2010
2. Mr Denis Graham, Assistant Secretary retired on 16 October 2010
3. Mr Norman Gillanders, Assistant Secretary retired on 1 December 2010

Following a Top Level Appointments Commission (TLAC) competition, The Minister for Finance appointed Ms. Marie-Claire Maney as Revenue Solicitor on 31 January 2011.



Ms. Marie-Claire Maney
Revenue Solicitor

Appendix

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 2010:

- 3 paintings, painted by Hughie O'Donoghue entitled: "Raft", "Medusa" and "The Narrow Sea" valued at €190,000.

Since 2009, the tax credit available to the donor of heritage items is an amount equal 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

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.

- There were no donations under this scheme in 2010.

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