

# Annual Report 2014



# ANNUAL REPORT REVENUE COMMISSIONERS

# 2014

NET RECEIPTS  
 **€41.4B** 2013  
€37.9B

 **DEBT**  
AVAILABLE  
FOR COLLECTION  
**€907M**



e-RETURNS **7.2M**  
e-PAYMENTS **€42B**  
PAYE ANYTIME **990K**



## non-compliance

**€610M**  
**531**  
**437**

TAX, INTEREST AND PENALTIES  
CRIMINAL PROSECUTIONS  
TAX DEFAULTERS PUBLISHED



**HOW WE  
RATE ON THE  
WORLD  
STAGE**

EASE OF PAYING TAXES

**1ST EU - 6TH WORLD**

EFFICIENCY OF CUSTOMS ADMINISTRATION

**3RD EU - 8TH WORLD**



RETURNS/PAYMENTS  
**ON TIME**

**LARGE  
CASES  
99%**

**MEDIUM  
CASES  
97%**

**OTHER  
CASES  
84%**

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

**Annual Report 2014**

Ninety-Second Annual Report of the Revenue Commissioners for the year ended 31 December 2014, 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 2015**

## Table of Contents

<b>TABLE INDEX</b> .....	<b>5</b>
<b>BOARD'S REVIEW</b> .....	<b>6</b>
<b>MAIN RESULTS FOR 2014</b> .....	<b>10</b>
<b>STRATEGY 1 – MAKE IT EASIER AND LESS COSTLY TO COMPLY</b> .....	<b>13</b>
COLLECTION .....	13
FEATURE ARTICLE - HOME RENOVATION INCENTIVE (HRI) .....	14
DESIGN AND DELIVER HIGH QUALITY ELECTRONIC SERVICES .....	15
REDUCING COMPLIANCE COSTS .....	17
FEATURE ARTICLE - FACILITATING TRADE AND MANAGING RISK.....	18
<b>STRATEGY 2 - INCREASE TIMELY COMPLIANCE AND REDUCE DEBT</b> .....	<b>22</b>
TIMELY COMPLIANCE .....	22
LOCAL PROPERTY TAX COMPLIANCE .....	22
DEBT.....	22
COLLECTION ENFORCEMENT .....	23
OVERSIGHT OF CORPORATE AND PERSONAL INSOLVENCY.....	23
DEBT SETTLEMENT ARRANGEMENTS AND PERSONAL INSOLVENCY.....	23
<b>STRATEGY 3 – TARGET AND CONFRONT THOSE WHO DO NOT COMPLY</b> .....	<b>24</b>
INCREASE EARLY DETECTION OF HIGHEST RISK EVASION.....	24
INCREASE FOCUS ON THE SHADOW ECONOMY.....	27
DETECTION OF FISCAL FRAUD, SMUGGLING AND DRUGS .....	28
FEATURE ARTICLE - THE IMPACT OF REVENUE'S COMPLIANCE INITIATIVES ON THE OIL MARKET IN IRELAND .....	30
FEATURE ARTICLE - INTERNATIONAL CO-OPERATION TO COMBAT SMUGGLING .....	33
PROSECUTIONS FOR SERIOUS TAX AND DUTY EVASION .....	35
DETECT AND CHALLENGE ABUSIVE TAX AVOIDANCE.....	35
FEATURE ARTICLE - MEASURES TO COMBAT TAX AVOIDANCE.....	36
<b>STRATEGY 4 – CONTRIBUTE TO IRELAND'S ECONOMIC DEVELOPMENT</b> .....	<b>38</b>
PROVIDE HIGH QUALITY ADVICE .....	38
EXTEND TAX TREATY NETWORK.....	41
WORK INTERNATIONALLY TO SUPPORT COMPLIANCE.....	41
FEATURE ARTICLE - AUTOMATIC EXCHANGE OF INFORMATION .....	42
EU ENGAGEMENT.....	44
INFLUENCING INTERNATIONAL POLICY.....	46
<b>ENABLERS</b> .....	<b>47</b>
<b>ENABLER 1 – PEOPLE AND STRUCTURES</b> .....	<b>47</b>
FEATURE ARTICLE - ANNUAL PROGRESS REPORT ON THE PUBLIC SERVICE REFORM PLAN 2014 - 2016.....	49
FEATURE ARTICLE – RECRUITMENT IN REVENUE .....	50
FEATURE ARTICLE – ACCREDITED TRAINING PROGRAMMES IN REVENUE .....	51
REVENUE STAFF PROFILES.....	53
<b>ENABLER 2 - TECHNOLOGY AND PROCESSES</b> .....	<b>59</b>
<b>ENABLER 3 – GOVERNANCE</b> .....	<b>61</b>
SENIOR MANAGEMENT CHANGES.....	67
<b>TABLES</b> .....	<b>68</b>
<b>APPENDIX 1 - DONATION OF HERITAGE ITEMS</b> .....	<b>79</b>
<b>APPENDIX 2 - STATEMENT OF STRATEGY 2015 - 2017</b> .....	<b>80</b>

## Table Index

Table 1	Total amount Collected/Gross Receipts	68
Table 2	Total Revenue/Net Receipts	68
Table 3	Local Property Tax Collection/Compliance	69
Table 4	Local Property Tax Payment Types	69
Table 5	Relevant Contracts Tax	69
Table 6	Electronic Payments	69
Table 7	Electronic Returns	70
Table 8	PAYE anytime Services	70
Table 9	Electronic Repayments	70
Table 10	Diesel Rebate Scheme	70
Table 11	Volume of Business 2014	71
Table 12	Customer Service Standard and Results	72
Table 13	Average % of Tax Collected Within the Due Month by Taxhead	73
Table 14	Return/Payment Compliance by Case Size	73
Table 15	Collection Enforcement Programmes	73
Table 16	Oversight of Corporate and Personal Insolvency	73
Table 17	Audit and Compliance Intervention Activity	74
Table 18	Random Audits Completed – 2014 Programme	74
Table 19	Special Investigations	74
Table 20	Summary of Audit Results for Certain Sectors	75
Table 21	Drugs Seizures in 2014	75
Table 22	Excisable Products Seized in 2014	75
Table 23	Prosecutions for Serious Evasion 2014	76
Table 24	Summary Criminal Convictions 2014	76
Table 25	Civil Penalties and Criminal Prosecutions for not Filing Returns	76
Table 26	Mutual Assistance Requests	76
Table 27	Mutual Agreement Procedures	77
Table 28	Advance Pricing Agreements	77
Table 29	FoI Requests	77
Table 30	Internal and External Reviews in 2014	77
Table 31	Complaints Relating to Revenue made to the Ombudsman in 2014	78
Table 32	Complaints Relating to Revenue completed by the Ombudsman in 2014	78
Table 33	2014 Compliance with Prompt Payment of Accounts Act	78

## Board's Review

The Irish economy recovered strongly in 2014, with Gross Domestic Product (GDP) up by an estimated 4.8%, a level of growth not seen since 2005. Exports and foreign direct investment were again the main drivers behind this growth, but 2014 was also notable for the extent to which domestic demand contributed to the recovery. The broadly based economic upturn, together with steadily growing employment as well as falling unemployment, resulted in better than expected Exchequer returns across all of the major taxes and duties. Overall net receipts grew by 9.3% to €41.4 billion, with Income Tax (including Universal Social Charge) up 8.8%, Corporation Tax up 8.1%, VAT up 8.1% and Stamp Duty (including the Pension Levy) up 26%.

---

### Making Compliance Easier

Taxes and duties can be collected effectively and efficiently only where the majority of people comply voluntarily. Revenue has worked hard to create and maintain a compliance culture in Ireland – where filing a return and paying tax or duty on time is seen as the right thing to do and where failing to meet these obligations is regarded as socially unacceptable. Our approach is simple and straightforward: we make taxes and duties easy to pay and hard to avoid.

During 2014, we increased already high compliance rates – which means that the vast majority of our customers filed and paid on time with little or no intervention by Revenue. Overall, timely filing and payment compliance for the main business taxes remained very high, ranging from 99% to 84%, depending on case size. And, for the second year in a row, we achieved a 95% compliance rate for Local Property Tax, a strong vindication of our focus on excellent service backed-up by decisive interventions when necessary.

In a world where many people now conduct their business online we are strongly committed to providing a wide range of user-friendly electronic services to our customers. There was continued strong growth in the take-up of these services during 2014, with payments made through our Revenue Online Service (ROS) up by 10% to €42 billion (gross) and registrations for our PAYE Anytime service up 13% to just under one million (it passed the one million mark in January 2015).

We introduced a range of new electronic systems and services to enable our customers to do business with us whenever and wherever they want. These include a digital tax return for PAYE customers – the eForm 12, the online Home Renovation Incentive scheme service, the Electronic Manifest System, the electronic Charitable Donations Refund system and the VAT Mini One Stop Shop. We also introduced an online customer contacts facility for LPT/Household Charge that allows property owners to send us questions or information and receive responses electronically.

The effectiveness of our service for compliance approach is reflected in international benchmarks – Ireland is the easiest country in the EU in which to pay business taxes (and the sixth easiest in the world) and is rated the most efficient facilitator in the transit of goods in the world.

### Managing Debt

Despite the improving economic outlook, many individuals and businesses still have difficulties paying the right amount of tax at the right time. Our approach in these circumstances is to balance limited debt

rescheduling with early enforcement action where compliance is not forthcoming. We worked with businesses and taxpayers experiencing temporary cash-flow difficulties and deployed measured enforcement sanctions against those who opted not to engage with us on a timely basis.

Using a combination of risk assessment and early intervention, we reduced the total outstanding debt by 8% (€145 million) to €1,695 million and the debt available for collection by 10% (€102 million) to €907 million.

## Tackling Non-Compliance

Non-compliance takes many forms, from failure to make a tax return, to tax evasion, to smuggling. We have a range of tools and techniques at our disposal to tackle non-compliance in all its guises, ranging from light touch early interventions to criminal prosecutions for serious tax and customs fraud. We use sophisticated risk-assessment, analytics and intelligence-gathering systems to target our interventions for maximum impact. Increasingly, we are intervening in 'real time', confronting non-compliance as it occurs and preventing negative behaviour patterns from becoming established.

During 2014, the yield from our audit and compliance intervention programmes increased by 11.3% over the previous year to €610.4 million, with over €196 million of that total coming from sectors where cash transactions are the norm. We also targeted white collar non-compliance in specific sectors, including the medical profession and 'personal services companies'.

Shadow economy activity puts jobs at risk as well as depressing Exchequer returns. In 2011, responding to a dramatic increase in diesel laundering by organised criminal gangs, we implemented a comprehensive strategy to combat this activity, including new supply chain controls and more intensive and coordinated enforcement activity. This strategy is paying dividends. A recently published Revenue report - [The Oil Market In Ireland: Duties, Prices and Consumption](#) - indicates that there has been a significant reduction in diesel laundering and a corresponding increase in legitimate diesel usage which we estimate may have resulted in the collection of an additional €200 million in taxes and duties.

We also kept up the pressure on drug and tobacco smugglers, seizing drugs with an estimated street value of €91 million and cigarettes valued at €25.5 million. There is a strong international dimension to this work and we maintain excellent relations with our overseas law enforcement partners and participate regularly in international operations.

The ultimate sanction for non-compliance is prosecution in the Courts. In 2014 we secured 27 criminal prosecutions for serious tax and duty evasion. At year-end there were 64 cases in the prosecutions pipeline with a further 115 cases under investigation. In addition, 504 criminal convictions were secured for a range of tax and customs and excise summary offences, as a result of which fines of €1,173,620 were imposed.

## International Tax Matters

Revenue provides policy and technical advice at both national and international levels to advance Irish economic and social development, facilitate trade and support the Government's drive to restore the public finances.

At home, one of our main functions is to help the Department of Finance in the formulation of tax policy by providing advice and recommending changes to the tax and duty codes. On the international front, we advance Ireland's tax and customs policy agenda at European Union, OECD, and World Customs

Organisation fora and we promote Ireland's interests and ensure that they are taken into account at the highest level.

An issue that received a lot of attention in 2014 was the tax behaviour of multinational corporations. Base Erosion and Profit Shifting (BEPS) refers to tax planning strategies that exploit gaps in tax rules to shift corporate profits to low or no-tax locations, undermining the fairness and integrity of the international tax system. A dedicated Revenue team is working with the Department of Finance to develop detailed policy positions in relation to the OECD's BEPS plan.

Revenue contributed to the development of a number of initiatives providing for the automatic exchange of information between tax authorities. This exchange will greatly improve the capacity of tax authorities to identify untaxed income and assets and will reduce opportunities to evade tax through the use of offshore accounts.

## Our People

To do our job well, Revenue needs to have the right people with the right skills in the right places. During 2014, we invested in education and training to renew our skills base and improve our technical capability. We also filled a number of critical skill gaps through redeployment from the public sector and open recruitment. At the end of the year we had 6,035 staff (5,647 full time equivalents, down 98 (1.7%) on the end of 2013).

2014 was a good year for Revenue. Collection and compliance were up and we saw improvements across many of our business areas. These results were achieved because of the professionalism, dedication and integrity of our staff. We acknowledge their success and thank them for doing a good job.

We also thank those Revenue staff who retired in the past year or so, many of them after 40 or more years of service to the State. We particularly acknowledge the contribution to Revenue made by our former Chairman Josephine Feehily, who retired on 31 January 2015.

## Looking Forward

Ireland's economy is set to recover further in 2015. Already, at end March 2015 tax and duty receipts are 5.5% ahead of target and 13.4% up on the same period last year. At the end of February 2015 we published our new [Statement of Strategy 2015 – 2017](#) which sets out our corporate priorities for the next three years. Maximising compliance remains our core principle and we will continue to improve the range and quality of the services we offer our customers to make compliance as easy as possible. At the same time, we will identify and confront non-compliance, including aggressive tax avoidance, using cutting-edge analytics and risk-assessment technologies combined with local intelligence and effective investigation procedures.

As part of a major overhaul of Ireland's anti-avoidance legislation in the Finance Act 2014, a settlement opportunity has been made available to taxpayers who entered into tax avoidance transactions before 24 October 2014. To take advantage of this opportunity, taxpayers must pay the tax avoided and 80% of the interest due on that tax by 30 June 2015. In addition to capping the interest payable at 80%, no surcharge, penalty or other sanction will apply. Revenue will actively pursue those taxpayers who fail to take advantage of this settlement opportunity and will seek tax, interest, surcharges, penalties and other sanctions, as appropriate, in such cases.



Revenue, like other public sector organisations, has lost many experienced staff in recent years. This loss is a major challenge for us but we are determined to rebuild and refresh our capability by investing in training and technology and by recruiting to fill specialist posts. Based on current and projected future staffing needs identified in our workforce plans, Revenue will recruit over 400 new staff in 2015. The recruitment will be for staff at all levels and across a diverse range of specialist skills areas such as tax and legal professionals, data analysts, economists and information technology experts. Revenue aspires to be the employer of choice for the range of skilled and specialist staff it requires. We have a mobility policy offering exposure to a wide variety of interesting challenges and roles. We provide focussed support for development of staff through accredited tax and duty training, continuing professional development programmes and financial support for self-directed learning. We provide 100% merit-based opportunity for advancement along a structured career path.

Our staff are and will continue to be the cornerstone of our ability to serve the community by administering taxes and duties efficiently, fairly and well.



**Niall Cody**  
**Chairman**



**Liam Irwin**  
**Commissioner**



**Gerry Harrahill**  
**Commissioner**

## Main Results for 2014

### Collection

- Net receipts for 2014 were €41.4 billion, up 9.3% (€3.5 billion) on 2013 receipts. See **Table 2** on Page 68. Collection was 3.05% ahead of target for the year.
- €8.9 billion was collected on behalf of other agencies (of which €8.2 billion was PRSI).

### Supporting Voluntary Compliance

- Already high returns/payments compliance rates improved.
- 95% compliance rate for Local Property Tax (LPT) 2014 achieved, with €454 million collected. (Pre-payments of €39 million for 2015 were also received in 2014).
- 1,691,509 payments (up 11% on 2013) made using the Revenue Online Service with a value of €42.1 billion (up 10% on 2013). See **Table 6** on page 69.
- 59% of business registration activity completed online.
- Automatic Entry Processing (AEP) system processed 1,252,364 customs declarations, 96.7% of which were cleared immediately.
- 989,611 customers now registered for our PAYE anytime service, up 13%.
- 601,918 electronic repayments made to customers with a value of €3.9 billion. See **Table 9** on Page 70.
- A range of new electronic services and systems introduced.
- Electronic VAT Mini One Stop Shop launched.
- Mandatory filing of financial statements online extended.
- In line with eDay, alternatives to cheque payments promoted and made available.
- Implemented Single European Payments Area (SEPA) arrangements.
- 2.33 million items of correspondence processed and 2.3 million 1890 phone calls answered. Our website was visited almost 31 million times. See **Table 11** on page 71.

### Benchmark Performance

- Ireland, according to the World Bank / PWC international benchmarking report, maintained its ranking as the EU's easiest country in which to pay business taxes (and the sixth easiest in the world) (*PWC/World Bank Paying Taxes Report – 2015*).
- In respect of Customs, Ireland was rated as the most efficient facilitator in the transit of goods in the World (*IMD World Competitive Yearbook 2015*). In addition, the *World Economic Forum Global Competitiveness Index for 2015* ranked Ireland as having the third lowest “Burden of Customs procedures” in the EU and the eighth lowest in the world. The World Bank report ‘Doing Business 2015’ rates Ireland 5th out of the 189 economies in terms of ‘Ease of doing business across borders’.

### Managing Debt

- Debt available for collection was €907 million, down €102 million (10%) on 2013. Debt available for collection as a percentage of gross receipts was 1.62%, down from 1.95% in 2013.
- At the end of 2014 there were 8,908 taxpayers or businesses, covering €104 million in debt, in phased arrangements to pay their tax liabilities.
- The recovery of tax using our enforcement programmes (i.e. the rate recovered versus the rate referred) increased by 5%. See **Table 15** on Page 73.

## Confronting Non-Compliance

- Yield from audit and compliance intervention activity increased by 11.3% to €610.4 million. Yield from non-audit compliance interventions increased by 14.9% to €271.6 million. 7,636 audits completed yielding €338.8 million. See **Table 17** on page 74.
- The total yield from the investigation into offshore assets exceeded €1 billion during the year – see **Table 19** on page 74
- Updated Code of Practice for Revenue Audit and other Compliance Interventions published.
- 483 tax avoidance cases, of which 6 involved the general anti-avoidance rule in section 811 of the Taxes Consolidation Act 1997, were settled resulting in a yield of €13 million, (including interest and penalties) and the future restriction of losses of €1.6 million.
- 437 settlements were published in Iris Oifigiúil in 2014. The settlements involved €44.8 million in tax, €21 million in interest and €22.7 million in penalties.

## Seizures

- 6,158 drug seizures made– see **Table 21** on page 75.
- 201,140 litres of illicit fuel seized, including 50,340 litres at 2 fuel laundering plants detected – see **Table 22** on page 75.
- 53.4 million cigarettes and 9,824 kg of tobacco, valued at €25.47 million and €4.22 million respectively, seized – see **Table 22** on page 75.
- €906,000 in cash seized.
- Cash forfeiture orders amounting to €474,161 granted by the Circuit Court in 23 cases.
- 9,915 detentions of counterfeit goods, involving 90,753 items with an estimated value in excess of €4 million.
- 1,289 vehicles seized for a range of offences.

## Using Data, Technology and Analytics

- 2.8 million PAYE transactions analysed of which 10,721 were stopped for further examination. Compliance interventions took place in 7,697 cases yielding €1.4 million.
- In excess of €4 million in VAT saved using our Real Time Risk assessment technology.
- Social Network Analysis used to identify fraudulent VAT networks.

## Prosecutions/Penalties

- 27 criminal convictions obtained for serious tax and duty evasion - see **Table 23** on page 76.
- 504 convictions secured in respect of a range of summary offences - see **Table 24** on page 76.
- 664 convictions secured and fines amounting to €1.7 million imposed for the non-filing of Income Tax, Corporation Tax and Relevant Contracts tax returns- see **Table 25** on page 76.

## Playing Our Part Internationally

- 72 Double Taxation Agreements and 23 Tax Information Exchange Agreements in place.
- 1,432 requests for mutual assistance received from other jurisdictions and 540 requests issued by Revenue to other jurisdictions. See **Table 26** on page 76.

- Mutual Agreement Procedure (MAP) and Advance Pricing Agreement (APA) engagement with Competent Authorities of other jurisdictions to eliminate double taxation continued in 2014. See **Tables 27 and 28** on page 77.
- Participated in 17 of the OECD working groups established to address Base Erosion and Profit Shifting (BEPS).
- Contributed to the development of a new EU standard for the automatic exchange of account information from financial institutions which is aligned with the global 'Common Reporting Standard'.

## Strategy 1 – Make it easier and less costly to comply

We try to ensure that our customers voluntarily meet their compliance obligations and claim their entitlements on time and at low cost, with minimal need for Revenue intervention.

Our key priorities for 2014 were to achieve collection targets, expand our electronic services and increase customer uptake of those facilities. We introduced a number of new electronic services to enable customers to do business with us 24/7 including the Home Renovation Incentive scheme service, the Electronic Manifest System, the Charitable Donations Refund system and the eForm 12. In addition, we introduced an electronic customer contacts facility for LPT/Household Charge that allows property owners to send us questions or information and receive responses electronically. 2014 saw the first significant filing deadlines for the new full self-assessment rules for Corporation Tax and Income Tax.

We participated in a range of outreach events in 2014, hosting public stands at venues such as the National Ploughing Championships, The Ideal Homes Show, Over 50's shows and Taking Care of Business One Stop Shop events.

We also continued to engage on a regular basis with practitioners and business representative bodies through the Tax Administration Liaison Committee (TALC), the High Level Group on Business Regulation, the Customs Consultative Committee and the Hidden Economy Monitoring Group.

### Collection

Our core business is to assess, collect and manage the taxes and duties due to the Exchequer. In 2014, we achieved our collection targets and maintained already very high compliance levels.

**Table 1** and **Table 2** on page 68 show Gross and Net Receipts respectively. Collection performance in 2014 was €1,226 million (3.05%) above target and €3,509 million (9.3%) above the yield in 2013.

### New Statistics Web Page

Revenue revamped its online statistical report, producing more relevant information, in more accessible formats and on a more timely basis, through a new statistics webpage on our website, [www.revenue.ie](http://www.revenue.ie). This new statistical facility is part of Revenue's contribution to the Government's Open Data strategy.

## Feature Article - Home Renovation Incentive (HRI)



 **20,000 QUALIFYING WORKS**

 **VALUE IN EXCESS OF €385M**

 **OVER 4,700 CONTRACTORS**

The Home Renovation Incentive (HRI) was announced in Budget 2014 as a new measure to provide tax relief for homeowners who use tax compliant contractors to carry out repairs, renovations or improvement works on their home. HRI applies to residences that will be occupied by homeowners as their home on completion of the HRI works. HRI has two main aims:

1. to boost activity in the legitimate construction sector;
2. to give an income tax credit to homeowners for home renovation and similar work.

HRI encourages homeowners to invest in repairs/renovations to their home and also discourages shadow economy activity in the house renovation sector. The incentive is given to homeowners on works to which the 13.5% rate of VAT applies. It is given by way of an income tax credit granted over the two years following the year in which the work is completed and paid for.

Claims for tax relief under the HRI are made electronically on the [Revenue website](#). Uptake of HRI has been significant with over 20,000 qualifying works and a value in excess of €385 million recorded on the electronic system by over 4,700 contractors at 7 April 2015.

A key design feature of HRI is that it is based on an online contract and payment notification system that allows the contractor record the details of work to be carried out and of payments made. The system also provides a secure facility for the homeowner to check that the details recorded by the contractor are correct. Once they are recorded on the system the homeowner can be assured that the contractor is tax compliant.

Homeowners can apply on-line for the tax credit for works completed and paid for between 25th October 2013 and 31 December 2014. A notice issued in February 2015 to 11,298 homeowners who were entitled to claim their tax credit for HRI works completed and paid for but who had not yet claimed. This resulted in a significant level of claim activity in the weeks following the issue.

The introduction of HRI has seen an increase in home renovation activity and is contributing to a gradual pick up in employment and self-employment activity in the construction sector.

Data from Revenue's online Relevant Contracts Tax (eRCT) system and HRI online provide a comprehensive overview of activity in the construction sector and enables Revenue to develop focussed compliance programmes to identify and tackle shadow economy activity within the construction sector.

Budget 2015 extended the HRI to include rental properties owned by landlords who are subject to income tax. This extension applies to repairs, renovations or improvements to rental properties carried out on or after 15th October 2014.

A screenshot of the Revenue website's HRI Secure Login page. The page has a teal header with the Revenue logo and navigation links. The main content area is white with a blue sidebar on the left containing the login steps: 1. Tax Reference Number\*, 2. Enter the Unique Property ID\*, 3. Enter the Secure PIN\*, and 4. Login. A 'Login to HRI' button is visible. On the right, there is a 'Home Renovation Incentive' section with a welcome message and a list of documents to have handy for making a claim. The footer contains links for Revenue Home, ROS Help, Accessibility, and System Requirements.

## Design and Deliver High Quality Electronic Services

We aim to establish electronic channels as the norm for doing business with us. We continue to expand the range of easy to use electronic services available to our customers and encourage voluntary take-up through targeted marketing.



### Local Property Tax (LPT) Online Developments

LPT Online allows property owners to confirm the amount of LPT they have to pay and to select their payment method electronically.

During 2014, the LPT online system was improved to include:

- An online customer contacts (OCC) facility for LPT queries and correspondence. 141,000 enquiries and contacts were received through OCC in 2014.
- A new Online PIN Retrieval option. This facility enables customers to securely generate a new PIN where they have forgotten or misplaced the old one.

During 2014, a fourth payment service provider, PayPoint, began offering LPT payment services similar to those already offered by An Post, Payzone and Omnivend.

### Electronic Charitable Donations Refund Scheme

Tax relief can be claimed for donations made to eligible charities. In 2014, a new electronic facility was introduced that enables eligible charities and approved bodies claim repayments under the Charitable Donations Scheme for donations made in 2013 and later years. The facility provides for automated validation of repayment claims.

### Diesel Rebate Scheme (DRS)

Qualifying road transport operators can claim repayment of part of the mineral oil tax paid on auto-diesel purchased in the State by them for use in the course of their business. In 2013, Revenue developed an electronic facility that enables Irish transport operators register for and claim repayment of part of the mineral oil tax paid on auto-diesel purchased for the purpose of business transport activity in the State. The electronic facility was extended to EU operators in 2014.

### Mandatory Electronic Filing of Financial Statements

iXBRL (inline eXtensible Business Reporting Language) facilitates the electronic filing of financial information in a computer-readable format. During 2014, Revenue implemented Phase 2 of mandatory filing of financial statements in iXBRL. This phase requires all companies filing Corporation Tax returns that do not meet specified exemption criteria, to file financial statements in iXBRL using the Revenue Online Service (ROS). We estimate that approximately 17,500 cases will file financial statements in iXBRL by the end of 2015.

Revenue undertook an information campaign to ensure that customers understand their obligations in relation to iXBRL eFiling. This included notifications to individual customers, providing information on the Revenue website, engagement with representative bodies, interaction with iXBRL software developers, and the provision of an iXBRL help desk service and a series of informational roadshows held throughout the country.

## eForm 12

The eForm 12 for 2013 is the electronic version of the annual tax return for PAYE taxpayers. It allows employees, those in receipt of pension income, and non–proprietary directors to make a return of income and claim tax credits, allowances and reliefs (including any health expenses) electronically. It can also be used by agents on behalf of their PAYE clients.

The eForm 12 is prepopulated with relevant data available to Revenue, making it easier to complete and reducing compliance costs. Further benefits also include faster processing times by Revenue.

Take-up of the eForm 12 for the 2013 tax year has been very positive. Since it became available in April 2014, almost 29,500 tax returns were filed on line. The eForm 12 for 2014 has been available since January 2015.

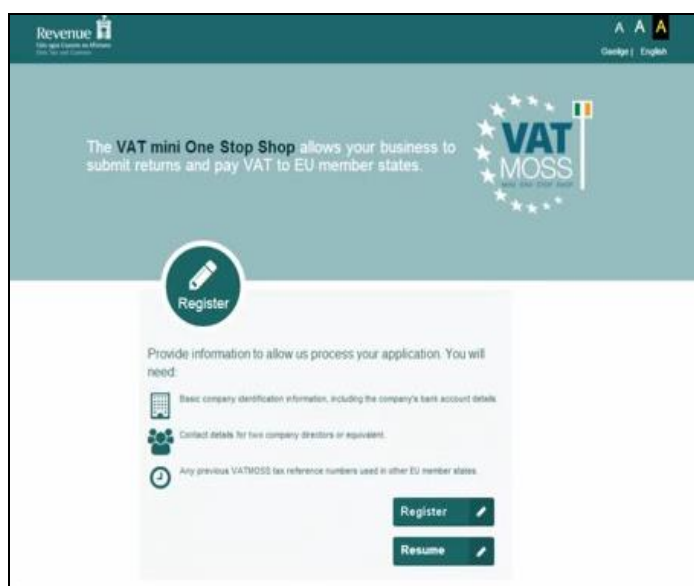
## Implementation of SEPA arrangements with relevant financial institutions

The Single European Payments Area (SEPA) Regulations introduced a new framework to facilitate the standardised processing of euro payments across 33 participating countries. Revenue fully implemented the SEPA Regulations to meet the deadline of 1 February 2014. This required the conversion of existing bank account numbers from sort code/account number to BIC/IBAN and consequent modifications to our payment systems. It is now possible for customers to set up Direct Debits/Credit Transfers with any bank within the SEPA participating countries. During 2014 Revenue's Online Service (ROS) processed 1,930,969 SEPA debits with a value of €38.8 billion.



## VAT MOSS Registration Portal Launched

New EU VAT rules in relation to supplies of telecommunications, broadcasting and e-services to consumers (B2C) came into effect from 1 January 2015. From that date, the place of supply in respect of all supplies of these services to consumers is the place where the consumer resides. To simplify the obligations on suppliers of such services, a new special scheme known as the Mini One Stop Shop (MOSS) came into operation on 1 January 2015. The MOSS allows a business to submit returns and pay the relevant VAT due to all Member States through the web portal of one Member State.



Revenue will process the first MOSS returns in April 2015.

## Reducing Compliance Costs

### Full Self-Assessment

The Finance Act 2012 introduced full self-assessment for Income Tax for the tax year 2013 and, in respect of Corporation Tax, for accounting periods commencing on or after 1 January 2013. The overall aim of the change is to modernise and streamline the assessing rules for direct taxes, reduce complexity, advance the Government's simplification agenda and provide greater clarity and certainty for taxpayers and agents. Customers or their agents now take responsibility for self-assessing and declaring the tax due when completing and filing the necessary tax returns and for making payment of the tax.

Most of our Income Tax and Corporation Tax self-assessment customers now file and pay online through the Revenue Online Service (ROS) which calculates the tax due. Customers can choose to accept Revenue's calculation or disregard it and enter their own figures. Under the new provisions, Notices of Assessment no longer issue to the majority of customers. Instead, an acknowledgement of the customer's self-assessment is issued.

The first significant filing deadlines for which the new rules applied were 23 September 2014 for Corporation Tax and 31 October 2014 for Income Tax.

## Feature Article - Facilitating Trade and Managing Risk

**AEP** PROCESSES OVER  
**1.25M**  
IMPORT & EXPORT  
DECLARATIONS  
ANNUALLY  
AUTOMATED ENTRY  
PROCESSING

**ICS** PROCESSES OVER  
**60,000**  
ENTRY SUMMARY  
DECLARATIONS  
ANNUALLY  
IMPORT CONTROL  
SYSTEM

**NCTS** **54,000**  
NEW COMPUTERISED  
TRANSIT SYSTEM  
DECLARATIONS  
ANNUALLY

**2014**  
**€318M**  
COLLECTED IN  
CUSTOMS DUTIES  
ON BEHALF OF THE EU

**€60M**  
Retained as  
collection costs by  
THE IRISH EXCHEQUER

**€1.2B**  
COLLECTED  
IN RESPECT OF  
VAT ON  
IMPORTS

### Introduction

International trade is vital to Ireland's economy. Revenue is responsible for ensuring the implementation of European Union (EU) Customs legislation and procedures in Ireland and for collecting Customs duty on behalf of the EU. In 2014, an estimated €318 million was collected in Customs duties on behalf of the EU, of which €60 million was retained by the Irish Exchequer as collection costs. In addition, €1.2 billion was collected on behalf of the Exchequer in respect of VAT on imports. Revenue's Customs Service aims to achieve the right balance between implementing necessary

regulations and controls and facilitating legitimate trade. We work closely with our business customers to achieve this balance.

### Electronic Systems at import/export

At EU level, an information technology work programme involving the 28 Member States and the European Commission is underway to ensure that information technology is used to optimum effect in Customs processes. This ties-in with Revenue's objective of making electronic channels the default way of doing business with us. The overall aim of the programme is to facilitate trade by reducing administrative burdens and by providing more favourable treatments and procedures for compliant businesses.

To further our electronic agenda, ensure that our electronic systems are fit for purpose, and meet our EU obligations, Revenue has invested heavily in its Customs systems infrastructure. As a result, Customs declarations can now be processed within seconds, legitimate goods move without hindrance, and electronic risk analysis is used to target illicit movements. This means that for the majority of their Customs transactions importers, exporters and their agents do not have to visit a Customs office.

Revenue operates a suite of electronic Customs systems that process a variety of declarations in real time on a 24/7 basis. We conduct automated analysis of all declarations and ensure that riskier consignments are selected for documentary or physical checks by Customs staff in ports and airports.

The electronic Customs systems in use for the import/entry/export and exit of goods through our ports and airports include:

- The Automated Entry Processing (AEP) system, which processes over 1.25 million import and export declarations annually;
- The Import Control System (ICS), which processes over 60,000 entry summary declarations each year;
- The New Computerised Transit System (NCTS), to which approximately 54,000 transit declarations are lodged annually;
- The Electronic Manifest System, introduced in October 2014, which processes all air and sea import and export manifests, and;
- A Container Verification System introduced in April 2014 in cooperation with the Port of Cork. It ensures that container imports have met all Customs requirements, providing better security and greater efficiency for less cost. We intend to offer this system to other Ports in Ireland during 2015. Ctd...

## **Post Clearance**

In an environment where the vast majority of imported and exported goods are cleared automatically, it is essential that we have an effective risk-based system of post clearance controls, including audit, in place to maximise compliance. To this end, Revenue has developed a tailor made electronic solution to ensure that cases presenting significant risk are selected for post clearance controls. This system - the Customs Risk Intervention Selection Programme (CRISP) - is now the primary tool for selecting cases for post clearance interventions or audits.

## **Summary**

It would be impossible for any Customs administration to operate effectively in this era of globalised trade and increasing trade volumes without efficient declaration processing and risk analysis systems. Approximately 10 million tonnes of goods entered Irish ports in 675,000 loaded containers or trailer freight units in 2014. The various electronic Customs systems now in place in Ireland are designed to provide an efficient and effective service to Revenue's compliant customers while simultaneously ensuring that automated profiling provides our staff with the tools to target those cases of greatest risk.

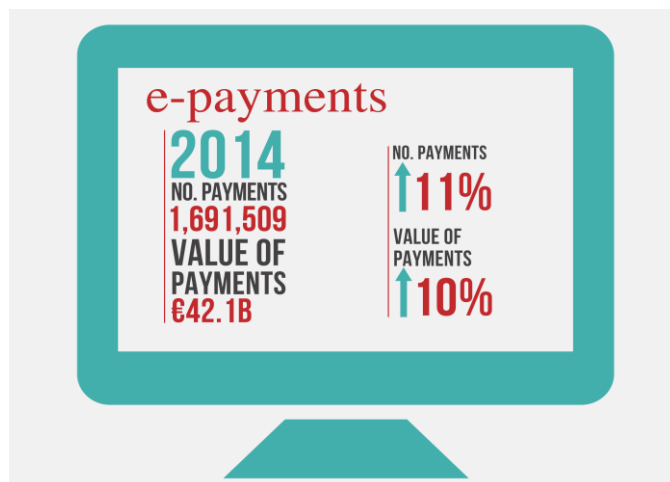
As a Customs authority, Ireland was rated as the most efficient facilitator in the transit of goods in the World - *IMD World Competitive Yearbook 2015*. Ireland was also rated as having the third lowest burden of Customs procedures in the EU and the eighth lowest in the world - *World Economic Forum Global Competitiveness Index – 2015*. The World Bank report 'Doing Business 2015' rates Ireland 5th out of the 189 economies surveyed, and 2<sup>nd</sup> in the EU, in the ease of doing business across borders.



**With over 675,000 loaded containers or trailer freight units entering Irish ports in 2014, Revenue's interventions are targeted to ensure the minimum disruption to legitimate trade.**

## eDay

The Government-approved National Payments Plan recommended the ending of cheque payments between Government and business. Subsequently, the Department of Finance set 19<sup>th</sup> September 2014 as eDay to encourage Small and Medium Sized Enterprises to migrate from cheque usage to electronic payment methods. eDay sought to increase the awareness of the potential to reduce the cost of Ireland's payment system through the increased use of more efficient payment methods contributing to increased competitiveness and efficiency across the Irish economy.



Revenue is a strong advocate of the eBusiness agenda and has developed and promoted online facilities to improve service delivery for customers.

We provide an extensive range of alternative payment methods to cheques, including direct debits, single debit instructions, debit cards and credit cards.

Coinciding with eDay, Revenue actively promoted the use of alternatives to cheque payments, made changes to our information technology systems and business processes to facilitate alternative payment methods, and enhanced our telephone payment services to offer credit card and debit card options. Businesses and their agents were encouraged to avail of electronic payment methods for faster, more secure and efficient services. See **Table 6** and **Table 9** on pages 69 and 70 respectively.

### Conducting business with Revenue through Irish

We provide a wide range of services to our Irish speaking customers. In addition to providing extensive material in Irish and English on our website, we facilitate Irish speaking customers in the following ways:

- Customers who wish to conduct their business with us through Irish can contact their local Revenue office or email us directly;
- Our PAYE 1890 phone numbers provide an option for customers who wish to have their query dealt with through Irish;
- An Irish service is provided at a number of our public offices;
- PAYE employees who have registered for PAYE Anytime, can view information held on their Revenue record, claim tax credits, declare additional income and update personal information;
- The eForm 12 allows employees to complete a return of income and claim tax credits, allowances and reliefs electronically for the year ended 31 December, for each of the tax years 2013 and 2014;
- All business in relation to the Home Renovation Incentive can be dealt with in Irish, including homeowners and contractors inputting details of works and homeowners making claims, and
- Residential property owners can pay their Local Property Tax on line through Irish.

Revenue acknowledges the recent decision delivered by Mr. Justice Colm Mac Eochaidh rejecting our appeal to the High Court in 2014 following an investigation by An Coimisinéir Teanga. The investigation found that Revenue failed to comply with the provisions of the Official Languages Act 2003 when we did not issue a bilingual information booklet regarding Local Property Tax to residential property owners.

We are committed to increasing the amount of Irish language services we provide, including material on our website. Revenue's Irish Language Scheme can be found at: [Scheme 2013 - 2016 under Section 15 of the Official Languages Act 2003](#). It sets out the extent to which we will develop Irish language services and identifies areas for enhancement.

## Strategy 2 - Increase timely compliance and reduce debt

The Irish economy showed encouraging signs of recovery in 2014 and this enabled us to substantially reduce the amount of debt available for collection. However, the overall debt collection environment remained challenging as many of our customers continued to experience difficulties meeting their tax and duty obligations because of cashflow difficulties and problems accessing credit.

Our priorities for 2014 were to maintain timely payment and return compliance, reduce the amount of debt available for collection and optimise our resources on debt collection and recovery.

### Timely Compliance

In 2014 we maintained or slightly increased the already high levels of timely compliance that we have achieved in recent years. See **Tables 13 and 14** on page 73.

Throughout 2014, our debt management programme was focussed on both timely collection of taxes and reducing debt available for collection. Our twin strategies in this regard included working pro-actively with businesses or taxpayers experiencing temporary cash-flow difficulties, provided there was positive engagement with us, and deploying appropriate enforcement sanctions against those who chose not to engage on a timely basis.

### Local Property Tax Compliance

The availability of a wide range of payment options and comprehensive customer-focused information helped us achieve an overall LPT compliance rate of 95% for 2014. Property owners who did not comply were subject to targeted follow-up action through the issue of reminder notices and, where necessary, deduction from salaries and occupational pensions on a mandatory basis. Reminder letters were issued to 70,000 property owners and mandatory deduction was initiated, for 2014, in 38,300 cases.

Self-assessed taxpayers who did not comply faced a surcharge on their Income Tax, Corporation Tax or Capital Gains Tax return and could not obtain a Tax Clearance Certificate. Over 18,800 Income Tax surcharges and 100 Corporation Tax surcharges were applied and approximately 14,000 Tax Clearance applications were refused during 2014.

Since July 2013, €41 million of Household Charge (HHC) arrears has been collected by Revenue and approximately 269,000 additional properties are now compliant for HHC purposes. In 2014, we handled 158,800 items of correspondence and 139,300 telephone contacts relating to HHC.

### Debt

The total outstanding debt for 2014 was €1,695 million, down 8% (€145 million) on 2013. We reduced the debt available for collection by 10% (€102 million) to €907 million.

In 2014, Revenue wrote off €228 million of uncollectible tax, compared to €263 million in 2013, a reduction of 13%.

## Collection Enforcement

We enforce collection where there is no meaningful engagement with us by a taxpayer for overdue tax. During 2014 we collected €219.5 million through enforcement, which represented a 1% increase on 2013.

The results of Revenue's collection enforcement programmes, using our Sheriff, Solicitor and Attachment enforcement options, are shown in **Table 15** on page 73.

## Oversight of Corporate and Personal Insolvency

Throughout 2014, Revenue was actively involved both in instigating and supporting corporate and personal insolvency action. This included liquidation and bankruptcy action against defaulting taxpayers with significant or intractable debt. See **Table 16** on Page 73.

Revenue provided the funds in six instances for action by liquidators against directors where there was suspected serious abuse of company law provisions, particularly where the liquidator had evidence of fraudulent or reckless behaviour or where there were grounds to pursue action against rogue directors. Revenue continues to maintain a close working relationship with the Office of the Director of Corporate Enforcement (ODCE) to support investigations into suspected breaches of company law and with the Official Assignee in Bankruptcy Office in support of the bankruptcy process.

## Debt Settlement Arrangements and Personal Insolvency

The Personal Insolvency Act came into effect in December 2012. It introduced three new non-judicial arrangements to assist insolvent individuals get their affairs back on track. These arrangements are designed to cater for differing insolvency circumstances and are called Debt Relief Notices (DRN), Debt Settlement Arrangements (DSA) and Personal Insolvency Arrangements (PIA).

Revenue is fully committed to active participation in the new personal insolvency regime. Our support for any proposed arrangement is dependent on honest and open engagement by the parties involved. At the end of 2014, we had received 124 formal requests to participate in the various personal insolvency options. Of these, we agreed to participate in 63 cases, we declined to participate in 40 cases due to insufficient or conflicting information being provided, and we are actively considering the remaining 21 cases.

During 2014, we published information on our website about how we deal with personal insolvency cases. For example, returns must be up-to-date and our participation in an arrangement is conditional on commitment to future timely tax compliance being maintained. Revenue is an active participant on the Insolvency Service of Ireland Steering Committee and Working Group which are tasked with formulating further streamlined DSA and PIA protocols.

## Strategy 3 – Target and confront those who do not comply

Non-compliance manifests itself in many ways, from failure to make a tax return to outright tax fraud. Revenue has a wide range of intervention options to tackle non-compliance, ranging from assurance checks to audit to enforcement to criminal prosecutions for serious tax, duty and customs fraud and evasion. We employ sophisticated risk-assessment and intelligence-gathering systems to target our interventions for optimum impact.

In common with other progressive tax administrations, we recognise the value of third party information as an effective tool in promoting voluntary compliance and in addressing non-compliance. Matching third party data against tax and duty returns filed by taxpayers has been a feature of Revenue's compliance strategy for many years. Our Risk Evaluation Analysis and Profiling (REAP) system uses data from more than 50 different data sources (Revenue's own internal data as well as third party data) to inform our compliance programmes. This approach has the potential to identify and flag for intervention taxpayers who are not registered with Revenue, taxpayers whose taxable income has been underreported and also to highlight a range of other compliance issues.

A new measure was introduced in the Finance Act 2014 to extend reporting requirements to some State savings products which up to now did not need to be reported to Revenue. The State savings products in question are those offered through the National Treasury Management Agency and include Post Office Savings Bank Accounts, savings certificates and prize bonds. We expect to make Regulations to commence the reporting requirements during 2015.

### Increase Early Detection of Highest Risk Evasion

#### Audit and Compliance

Revenue concentrates its compliance resources on the riskiest cases. Our focus continues to be on selecting cases for intervention based on the presence of various risk indicators and other information available. Our intervention strategy aims to maximise tax recoveries from the non-compliant and to minimise the administrative burden placed on largely compliant customers.

The overall yield from audit and compliance intervention activity increased by 11.3%, from €548.3 million in 2013 to €610.4 million in 2014. The yield from non-audit compliance interventions increased by 14.9%, to €271.6 million (of which €9.68 million was sent for enforcement). 7,636 audits were completed in 2014 yielding €338.8 million (of which €53.5 million was sent for enforcement). Overall, inability to pay was invoked in respect of €22.9 million (not included in above figures). See **Table 17** on page 74.

Revenue places a specific emphasis on identifying cases where there is evidence of significant sales suppression. Our staff are trained in up-to-date methods of detecting sales suppression and in the use of digital auditing techniques. 15% of audits, yielding €49 million in tax, interest and penalties closed in 2014 were computer audits.

We also have a targeted programme of compliance interventions in relation to stamp duty obligations. In 2014, 253 stamp duty interventions yielded €7.17 million.

#### National Contractors Project

The National Contractors Project is focussed on a number of specific business sectors and aims to address tax evasion in certain situations where individuals provide their services through personal



services companies (PSCs). While PAYE was operated on fees or salaries paid to the individual employee/director of the PSC, Revenue discovered that significant amounts were extracted from some PSCs without payment of tax. Such amounts were generally labelled as motor, travel and subsistence or other expenses. In some instances, the expenses had not been incurred at all; in others, they had been incurred, but were not expenses which could be legally paid tax free.

This project continued in 2014. Over 400 audits of contracting companies and a further 300 audits of their directors were concluded in 2014, yielding €10.5 million. Over 80% of the audits conducted on companies and their directors resulted in a tax settlement. Overall, since the project commenced, the audits carried out, including those concluded in the pilot phase, have yielded €19 million. 158 audits remain open, the vast majority of which are expected to be concluded in 2015. Revenue will continue to closely monitor this sector.

### **Medical Consultants Programme**

Revenue is engaged in an ongoing and significant programme of compliance work in relation to the tax affairs of medical consultants. The main focus of this programme, which originally was largely Dublin centred and has now been extended nationally, has been to address the tax issues arising from the incorporation of medical consultants' businesses. The tax risks identified include:

- the purported disposal of goodwill by medical consultants to their controlled companies;
- cross-charges being made between medical consultants and their controlled companies that lack any commercial basis;
- the claiming of personal expenses against professional income;
- insufficient or no supporting documentation to support large expenses claimed as tax deductions;
- excessive / incorrect tax deductions claimed in relation to salaries / pensions of spouses and children;
- the deferring of professional income to later tax periods thus delaying taxation.

At end 2014, Revenue had opened a total of 279 compliance interventions on medical consultants and their controlled companies and 119 of these interventions had been closed, resulting in tax settlements of just under €16 million, including late payment interest charges and penalties. Six of the settlements gave rise to publication in the March 2015 List of Tax Defaulters. Revenue has opened further compliance interventions in the medical consultancy sector in 2015 and expects to conclude further significant settlements during the course of the year.

### **VAT Fraud**

Taking action to mitigate potential losses to the Exchequer arising from VAT fraud is a key focus for Revenue. In 2014, we published Guidelines on 'How to Protect Your Business from Becoming Involved in VAT Fraud'. These guidelines raise awareness of the risks associated with participation in transactions connected to VAT fraud and advise on how to avoid such risks by exercising due diligence. They also spell out the consequences for a business of becoming involved in a set of transactions connected with a VAT fraud, even if the transactions in which the business is involved are not themselves unlawful.

Two new legislative provisions were introduced in Finance Act 2014. Under those provisions, a person who knowingly or recklessly participates in transactions connected to the fraudulent evasion of VAT is jointly and severally liable for the VAT that has not been remitted. Also, the new legislation empowers Revenue to target suppliers who operate dual accounts or who supply large volumes to customers who

claim to be non-VAT registered. These suppliers are now required to issue a document, similar to a VAT invoice, in respect of all supplies for which a VAT invoice is not required to be issued. Further initiatives to address VAT fraud undertaken in 2014 include:

- Extended use of computer analytics using Revenue's Social Network Analysis capability to address VAT fraudulent networks – see below.
- A sectoral project to address VAT risks in the misuse of the Margin Scheme in the sale of used cars is currently underway.
- Ensuring that all registered VAT traders make the annual 'Return of Trader Details' to Revenue.

Revenue also hosted a major conference for EU Member States and business representative bodies to discuss joint approaches to combatting VAT fraud within the Community in 2014.

### **Social Network Analysis**

Our Social Network Analysis (SNA) system is a powerful information technology driven compliance tool that uses the data that is already stored in Revenue's Data Warehouse to identify links between businesses and people. (Revenue's SNA system should not be confused with social media sites such as Facebook and Twitter). SNA is particularly useful in identifying systematic VAT frauds which use networks of businesses and people to generate fraudulent transactions in order to claim VAT input credits.

During 2014, 18 high risk VAT networks were identified and referred for audit/investigation. Of these, two were found to be low-risk, one case is now under investigation with a view to prosecution and audits/investigations are ongoing in the remaining 15 networks/cases.

Successful outcomes in these complex cases include the collection of audit yield and the identification of cases suitable for prosecution. They also include disrupting the capacity of businesses and people to engage in fraudulent VAT transactions thereby preventing further losses to the Exchequer. Our SNA system continues to develop as additional data sources are added to further strengthen its potential.

### **Special Investigations**

By the end of 2014 the total recouped from the major 'legacy' investigation projects reached €2.74 billion. The total yield from the investigation into offshore assets exceeded €1 billion during the year. Details of the yields from the various investigations are given in **Table 19** on page 74.

The Supreme Court finalised an order in December 2013 requiring Danske Bank (formerly National Irish Bank) to produce information that had been held in an Isle of Man branch of the bank. The information was provided to Revenue at the end of March 2014 in compliance with that order. The information contained details of 162 accounts held by 83 former customers. Many of these customers had already made qualifying disclosures to Revenue or had been contacted by Revenue during the investigative phase of its offshore investigation. Arising from the information received from Danske Bank a total of nineteen enquiry letters were issued during 2014. Ten of these enquiries have been concluded without additional liabilities arising, three enquiries have been concluded with settlements amounting to €134,261. Six enquiries are ongoing.

## Suspicious Transactions

During 2014, financial institutions and other designated bodies provided 18,149 suspicious transaction reports to Revenue. Twenty-four of these reports are relevant to ongoing criminal investigations in tax and duty cases, while many others have resulted in recoveries of tax and penalties that might not otherwise have been made.

## Own Resources

Own Resources are derived from customs and agricultural duties (these include common customs tariff duty, anti-dumping duty and countervailing duty, which Revenue administers on behalf of the EU). In addition, a fixed-rate levy on gross national income is transferred to the Own Resources Fund. Revenue, in conjunction with the EU Anti-Fraud Office (OLAF) continued to tackle evasion and circumvention of EU Own Resources, with underpayments amounting to €339,000 identified in 2014.

## Increase Focus on the Shadow Economy

Tackling shadow economy activity is at the sharp end of Revenue's drive to maximise compliance. Shadow economy activity arises where persons seek to avoid their statutory obligations relating to matters such as taxes and duties, PRSI, licences, employment rights and health and safety. Not alone does shadow economy activity have a negative impact on Exchequer returns, it also distorts the business environment in terms of competitiveness, sustainability and long term job creation. Shadow economy activity may also compromise consumer and employee protection.

Apart from the illegal importation and selling of tobacco products and the laundering of oils, shadow economy activity also includes activities such as businesses suppressing sales and purchases, keeping certain cash payments 'off the books', paying employees under an 'off the books' arrangement and individuals doing 'nixers' either in addition to their normal taxed employment or while also claiming Department of Social Protection payments.

Revenue has a priority focus on those sectors of the economy that traditionally have been susceptible to shadow activity, specifically cash businesses such as the hospitality sector, including bars, nightclubs, fast-food restaurants and entertainment, and white collar cash such as doctors, dentists, solicitors, accountants, and engineers. We deploy a range of compliance tools and interventions, including:

- Risk analysis,
- Covert surveillance,
- Cold calls to businesses and venues, as well as pre-arranged aspect queries on specific issues,
- Intelligence gathering,
- Third party information,
- Information exchange with other State agencies,
- Audit and investigation programmes.

**Table 20** on page 75 shows the results from a selection of the audits and other risk interventions across a range of sectors which represent shadow economy risks.

## **Joint Investigation Units**

Revenue's Joint Investigation Units (JIUs) work closely with the Department of Social Protection's (DSP) Special Investigation Units and with the National Employment Rights Authority (NERA) in combatting shadow economy activity.

Joint Investigation Units (JIUs) carried out 1,490 interventions in 2014. Tax, interest and penalties amounting to €4.74 million was collected and 1,992 new registrations for tax were made. A total of 3,199 outdoor inspections/check-points were also carried out, some in conjunction with counterparts in DSP and/or NERA. The JIUs made 1,954 referrals to DSP, NERA and Revenue audit or investigation teams. Substantial savings also arose from the investigation of social welfare fraud and abuse.

## **Hidden Economy Monitoring Group**

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

The Revenue website has recently been extended to include a [Shadow Economy](#) webpage where information on how to report such activity is provided.

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

Revenue's response to the threat posed by criminal activities such as fuel and tobacco fraud and drug smuggling includes intelligence gathering, profiling of suspects and implementation of effective operational intervention programmes.

Inter-agency cooperation involving other national and international law enforcement agencies is also critical. This includes the sharing of intelligence, proactive profiling of criminal networks, and joint operations.

## Revenue's Detection Dogs



*Top Row (L-R): Harvey, Grace, Barney, Alfie. Second Row (L-R): Lottie, Defor, Hollie, Ben. Third Row (L-R): Ollie, Scooby, Meg, Frankie. Fourth Row (L-R): Stella, Casey, Elvis, Ralph.*

Revenue has anti-smuggling teams at all main ports and airports and at the main postal depot in Portlaoise, and our detection dogs work in tandem with these teams. The detection dogs are involved in the areas of drugs detection/enforcement and the detection of the illegal movement of currency and tobacco.

A detection dog's scenting ability is about 50 times that of a human. The dogs can detect narcotics such as heroin, cocaine, amphetamine, herbal cannabis and cannabis resin, and some of the dogs can also detect currency or tobacco products.

## Mineral Oil Fraud

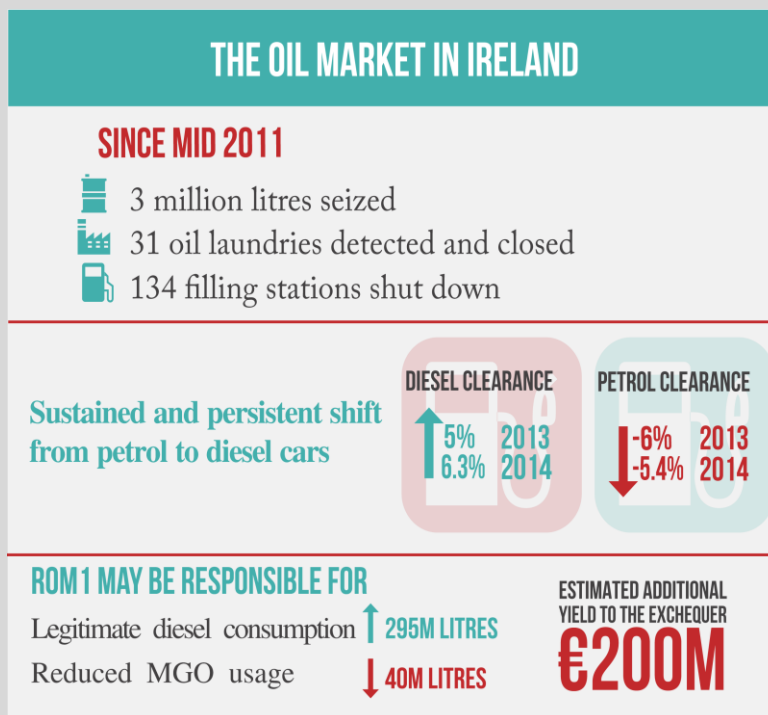
In response to a dramatic increase in diesel laundering by organised criminal gangs in 2011, Revenue implemented a comprehensive strategy to address the problem. The key elements of this strategy include new supply chain controls and more intensive and coordinated enforcement activity. Revenue and Her Majesty's Revenue and Customs in the United Kingdom also undertook a joint project to procure a new, more effective fuel marker which was implemented in both jurisdictions from the end of March 2015.

Revenue's strategy has already yielded significant results. Since mid-2011, 134 filling stations have been closed for breaches of licensing conditions, over three million litres of fuel have been seized and 31 oil laundries detected and closed down. Industry sources indicate a much-reduced incidence of laundered fuel on the market and road diesel consumption and tax revenues have increased. See **Feature Article** on page 30.

## Feature Article - The Impact of Revenue's Compliance Initiatives on the Oil Market in Ireland

Oil consumption is an important source of tax receipts and the transport sector is a large consumer of oil, particularly petrol and auto-diesel. Stakeholders in the transport and fuel industries have understandably been concerned about the problem of diesel laundering, the resulting unfair competition for legitimate traders and the associated tax loss from illicit consumption.

Revenue implemented a wide-ranging strategy to combat the illicit trade in laundered fuel. In recent years we have taken a series of initiatives to address diesel laundering and to improve compliance in the oils area.



From mid-2012 onwards, strengthened licensing and reporting arrangements for traders in mineral oils were implemented. A new monthly Return of Oil Movements (the ROM1) was introduced from 1st January 2013. This was followed from December 2013 with new reckless trading provisions that strengthen Revenue's ability to address those traders involved in the supply of fuel to launderers.

To gauge the effectiveness of these interventions, Revenue recently completed an analysis of the oil market in Ireland. The analysis involved assessing oil market trends prior to 2013 and extrapolating them forward into 2013 and 2014. This produced a 'counterfactual' of what might have occurred in the absence of Revenue's oil market compliance initiatives - against which the actual 2013 and 2014 outturns were compared.

The results show significant changes in the patterns of diesel and Marked Gas Oil (MGO) usage since 2013. Diesel usage rose 5% in 2013 and by a further 6.3% in 2014. There is also 9.1 per cent decrease in MGO clearances in 2014.

Extrapolating trends pre-2013 against current clearances suggests that Revenue's compliance activities may have been responsible for reducing MGO usage by around 40 million litres in 2014 (product that might otherwise have been laundered) and increasing legitimate diesel usage in a range of 245 million to 295 million litres per annum. This could translate into an additional €200 million in taxes and duties for the Irish Exchequer. Ctd...

This analysis strongly suggests that Revenue’s compliance strategy has played a significant role in reducing laundering activity in the oil market in Ireland. A Revenue report on this topic - [The Oil Market In Ireland: Duties, Prices and Consumption](#) - was published in December 2014 and is available on the Revenue website. Further improvement is expected in 2015 with the joint introduction in the UK and Ireland of a new fuel marker to counter the laundering of MGO.



**Mobile oil laundry**



**Full size laundry**

## **Tobacco Fraud**

Revenue’s extensive programme of enforcement action against the smuggling and sale of illicit cigarettes and other tobacco products continued in 2014. The central aim of the programme was to identify and target those involved in the supply or sale of illicit products, with a view to seizing the illicit tobacco and cigarettes and prosecuting those responsible. Several large seizures were made in 2014:

- 3 tonnes of tobacco with an estimated retail value of €1.2 million in Dundalk in May.
- 1.1 million cigarettes with an estimated retail value of €516,000 in Dublin Port in May.
- 32 million cigarettes and 4,500 kgs of tobacco with an estimated total retail value of €14 million in Drogheda Port in June – see **Feature Article** on Page 33.
- 5 million cigarettes with an estimated retail value of €2.4 million in Rosslare Europort in September.
- 0.6 million cigarettes with an estimated retail value of €304,000 in Dublin Port in November.

See **Tables 22 and 24** on pages 75 and 76 for details of seizures and of convictions for tobacco-related offences during the year.

## **Power to seize alcohol products from unlicensed premises**

An excise licence is required to sell alcohol at retail or wholesale level. It is a condition for the granting of such a licence that the applicant must have a current tax clearance certificate confirming that their tax affairs are in order. Under new legislation introduced in the Finance No. 2 Act 2013, Revenue can seize alcohol products that are on sale from an unlicensed premises and where the person required to hold the excise licence does not qualify for a tax clearance certificate.

During 2014, Revenue identified fifty seven cases selling alcohol products without an excise license and where the business did not have a current tax clearance certificate. Following engagement with

Revenue many of the cases involved regularised their tax and excise licence issues. Enforcement action followed in five cases and significant quantities of alcohol products were seized from the unlicensed premises using the new powers.

## Intellectual Property Rights

Targeting of counterfeit goods at point of importation continued during 2014. These goods can pose significant risks to consumers' health and safety and they cause substantial damage to legitimate businesses. Revenue's interventions resulted in 9,915 detentions involving 90,753 items. The estimated market value of the genuine equivalents of the detained items was in excess of €4 million.

The main categories of goods seized included cosmetics, clothing, sports shoes, mobile phones and accessories and toys. One of the most significant seizures involved a consignment of over 20,000 stuffed toys (based on well known children's movie characters) with an estimated retail value in excess of €600,000. In addition, 2,000 pairs of counterfeit trainers with an estimated value of over €292,000 were intercepted. The trainers were discovered in a container that originated in China and were most likely destined for the lucrative Christmas market.

## Drugs Detection

Revenue continues to work at a national level with An Garda Síochána and the Naval Service and at international level with our law enforcement partners in the fight against illicit drugs. In 2014, Revenue made 6,158 drug seizures - see **Table 21** on page 75. We participated in several significant national and international operations, including:

Operation Mackerel, a Customs operation under the auspices of the Joint Task Force involving the Naval Service and An Garda Síochána resulted in the seizure of 1,025kgs of cocaine from the SV Makayabella. See **Feature Article** on Page 33.

Operation Marguitos, a national operation that resulted in the seizure of 200kgs of cannabis concealed in tinned olives. The cannabis, which was double vacuum packed, was discovered concealed within 1,050 catering tins of olives in oil. Officers believe the drugs were destined for the United Kingdom and were transiting through Ireland, having originated in Spain.



*Operation Marguitos resulted in the seizure of 200kgs of cannabis concealed in tinned olives.*

## Revenue Engagement in the EU Policy Cycle on Organised Crime Threats

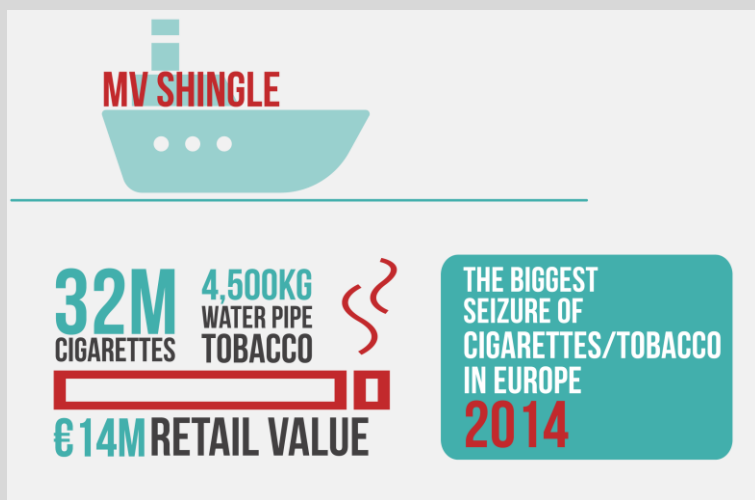
In 2014 Revenue was involved in the formulation of EU law enforcement policy at strategic and operational level in the context of the EU Policy Cycle (2014-2017) process. We committed resources to the European Multidisciplinary Platform Against Criminal Threats, with a particular involvement in the areas of drug smuggling, counterfeit goods and 'missing trader'/excise fraud.



Revenue participated in Operation Archimedes - a large scale international law enforcement operation, targeted at serious and organised crime in the EU and which involved actions at hundreds of locations. EU Member States and their international partners (6 third countries, Eurojust, Frontex and Interpol) came together to disrupt the activities of criminal groups engaging in the trafficking and production of drugs, the trafficking of human beings, the facilitation of illegal immigration, organised property crime, the trade in firearms and counterfeit goods.

Searches were carried out by Revenue, in some instances in conjunction with an Garda Síochána, at a range of locations throughout the country, resulting in the detection and seizure of drugs, cigarettes and other tobacco products, and a variety of counterfeit goods.

### Feature Article - International Co-operation to Combat Smuggling



The threats posed to the Exchequer, to compliant businesses, and to public health by smuggling and associated illegal activity are many and varied. Revenue, in cooperation with other national and international agencies plays a frontline role in the battle against smuggling in all its forms both at home and abroad. Our objective is always to maximise the impact of our interventions while at the same time facilitating legitimate trade.

Revenue's Customs Service maintains excellent relations with our overseas law enforcement partners and participates regularly in international operations.

During 2014, Revenue participated in several such operations, two of which resulted in major seizures. The first occurred in June 2014, when Revenue's Customs Service was involved in the seizure of over 32 million cigarettes and 4,500 kgs of water pipe tobacco on board the MV Shingle at Drogheda Port. The cigarettes and tobacco had a total retail value of approximately €14 million. The vessel was also seized. This was the biggest seizure of cigarettes/tobacco in Europe in 2014.

This seizure was the culmination of months of dedicated work and international cooperation involving Revenue authorities and law enforcement agencies across several jurisdictions, including Slovenia, Portugal and Ireland.

The second operation, in September 2014, resulted in the seizure of 1,025kgs of cocaine from a yacht, the SV Makayabella following a major international maritime operation led by Revenue's Customs Service and supported by the Naval Service and An Garda Síochána. Ctd...



**Members of the Navy, Revenue and An Garda Síochána with the 1,025kgs of cocaine seized from the SV Makayabella.**

Operation Centre-Narcotics (MAOC-N) in Lisbon identified the location of the sailing vessel some hundreds of miles south-west of the Irish Coast.



**One of the packages of cocaine opened for examination at the quayside in Haulbowline.**

Arising out of the seizure, the owner of the leisure craft, which had arrived in the South East, was successfully prosecuted in the UK and sentenced to sixteen years imprisonment. This was a very significant seizure and provides a good example of how Ireland plays a key role in protecting the EU external frontier.

Revenue's Customs Drugs Watch Programme was central to this success. The matter came to light as a result of an investigation by Revenue into the arrival of a small leisure craft into a port in the South-East in unusual circumstances.

The investigation unearthed links to an established drug trafficking gang and a sailing vessel suspected of involvement in drugs trafficking between the Caribbean and Western Europe. Close co-operation and intelligence-sharing with partners in the UK and France and also with the Maritime Analysis and

A Joint Task Force (JTF), comprising members of the Revenue Customs Service, Naval Service and An Garda Síochána, then implemented a coordinated operation at sea, with air support from our French and UK partners. The operation was conducted using two naval vessels at night and in challenging conditions between 200 and 300 miles West South West of Mizen Head. The L.É. NIAMH supported by L.É. RÓISÍN identified the suspect vessel in a covert surveillance operation.

The decision was made by the JTF to deploy an armed Naval boarding party, which resulted in the successful detention by Revenue's Customs Service of the yacht, suspected contraband and the crew of three. The yacht was taken to the naval base at Haulbowline where the crew was arrested by Gardaí.

## Prosecutions for Serious Tax and Duty Evasion

Serious non-compliance is something we are determined to tackle. In 2014 the following results were achieved:

- 27 criminal convictions for serious tax and duty evasion – see **Table 23** on page 76.
- 16 of the convictions were for serious tax offences. Custodial sentences, ranging from 3 months to 9 months were imposed in 3 cases. A further 5 cases received suspended custodial sentences. Fines amounting to €57,250 were also imposed.
- 11 of the convictions were for serious duty offences. A custodial sentence of 18 months, was imposed in 1 case. Suspended custodial sentences were handed down in a further 8 cases.
- At end-December, 115 cases of serious evasion or fraud were in the investigation process, and a further 64 cases were with the Director of Public Prosecutions or in the judicial system.

## Appealing Lenient Sentences

During 2014, the Director of Public Prosecutions (DPP) appealed the leniency of sentences imposed in three cases involving offences under Section 1078 of the Taxes Consolidation Act 1997. In the first case, the individual convicted was originally sentenced to 240 hours community service in lieu of 12 months imprisonment in respect of 85 counts. The Court of Criminal Appeal upheld the DPP's appeal in this case and imposed a sentence of 42 months imprisonment with 21 months suspended.

In the second case, involving nine tax offences, a 3 year custodial sentence, suspended in full, was initially imposed. Following a review of the case, the Court of Criminal Appeal handed down an increased sentence of 1 year custodial sentence in respect of each of the 9 sample charges, sentences to be served concurrently.

In the third case, the Court of Criminal Appeal substituted a fine of €5,000 and a term of imprisonment of three years, fully suspended, for the original sentence of 240 hours of community service.

These are important decisions for Revenue's work in confronting non-compliance. They underpin our strong message about the importance of tax compliance and the consequences for those who engage in tax evasion.

## Detect and Challenge Abusive Tax Avoidance

### Activity in 2014

Revenue maintains dedicated units in its Large Cases Division to monitor and challenge abusive tax avoidance. We also participate in international working groups run by the OECD on tax avoidance and complex taxation issues. The insights obtained from these working groups are circulated throughout Revenue.

In 2014, 6 cases were challenged under the general anti-avoidance legislation (Section 811 Taxes Consolidation Act, 1997). These cases cover a potential €2,227,590 in tax and surcharge (interest is applicable but is not included in this amount as it is constantly accruing) and potential future tax advantage and surcharge of €10,239,870.

Also in 2014, Revenue started 123 audits in relation to schemes seeking to claim artificial trading losses (used by taxpayers to shelter other income from taxation) using offshore companies. The 123 audits are well advanced and nearing completion. These audits involve a potential €12.8 million in tax liabilities.

Revenue also initiated significant enquiries into transactions involving financial instruments generating apparent artificial capital losses. Up to the end of 2014, enquiries had started in 89 cases with potential Capital Gains Tax involved of €99 million. Assessments have been made and all the cases are under appeal.

During 2014 the following results were achieved:

- 483 tax avoidance cases were settled resulting in a yield of €13 million (including interest and penalties) and the future restriction of losses of €1.6 million (which will give rise to future tax payments).
- 165 Protective Notifications were received. These allow taxpayers to notify Revenue about tax planning arrangements. If the transactions are subsequently found to be avoidance the notice protects the taxpayers from the possible imposition of interest and surcharges (currently 20% of the tax avoided) that would otherwise apply.

At the end of 2014 the following cases were being actively managed by Revenue:

- 450 cases under the general anti-avoidance legislation covering a potential €170 million in tax.
- 11 cases where Revenue is seeking to apply the European Court of Justice principles of ‘Abuse of Practice’ in VAT, covering a potential €33 million in tax.
- 253 cases where Revenue is tackling avoidance using the normal tax code covering potential tax in excess of €144 million.

### **Anti-Avoidance Legislation**

Tax avoidance can be described as using tax reliefs and allowances in a way in which they were not intended to be used or seeking to re-label or re-characterise a transaction to disguise its true intent with a view to reducing the liability to tax. To ensure that Revenue has all of the tools necessary to identify and successfully tackle aggressive avoidance, significant changes to the general anti-avoidance legislation were introduced in the Finance Act 2014 – see **Feature Article** below.

#### **Feature Article - Measures to Combat Tax Avoidance**

Revenue has many legislative tools available to it to detect and tackle tax avoidance. The Mandatory Disclosure regime, which is one of these tools, places an obligation on those who sell or use tax avoidance schemes to provide details of those schemes to Revenue. The general anti-avoidance rule (the “GAAR”) permits Revenue to look at the substance of a transaction rather than being bound by its purported legal form. This means that Revenue can challenge transactions, which may carefully meet the letter of the law in relation to all other provisions of the taxing statutes, but which do so in a way that is contrary to the purpose of those provisions. In addition to the GAAR, there are many specific anti-avoidance rules (“SAARs”) contained within the various taxation codes. Ctd...

In Finance Act 2014 the GAAR was modernised and streamlined. The mechanics of how the GAAR is applied have been simplified, putting the onus on the taxpayer not to claim any tax advantage from a tax avoidance transaction. Where a taxpayer claims such a tax advantage, and Revenue successfully use the GAAR to challenge the transaction through the Courts, an increased 30% tax avoidance surcharge will apply. This tax avoidance surcharge will also apply in cases where Revenue use certain defined SAARs to challenge transactions. The surcharge will not apply in cases where a penalty for deliberately or carelessly making an incorrect return applies.

In addition, a new qualifying avoidance disclosure regime has been introduced. A taxpayer, who claimed a tax advantage that is withdrawn by either the GAAR or one of the SAARs, will pay a reduced surcharge provided a full disclosure is made to Revenue before an appeal in relation to the tax avoidance transaction is heard.

Finally, in the Finance Act 2014 a new payment notice regime was also introduced. Under this new regime, Revenue can issue 'pay now notices' to users of a tax avoidance scheme which has been successfully challenged before the Appeal Commissioners. Prior to the introduction of this mechanism, tax avoiders could defer paying the tax due until such time as Revenue had successfully challenged and the appeal had been finally determined. This new regime is aimed at reducing the attractiveness of tax avoidance and also at reducing the loss to the Exchequer through tax avoidance.

As a transitional measure, the Finance Act 2014 provides a settlement opportunity to taxpayers who engaged in a tax avoidance transaction prior to 24 October 2014. Provided a full disclosure is made and where the full amount of tax is paid on or before 30 June 2015, the interest, which would otherwise be payable, is capped at 80%. Furthermore, the taxpayer will not be subject to a surcharge. Further details and the forms on which a qualifying avoidance disclosure should be made are available on our [website](#).

Taxpayers who choose not to avail of the settlement opportunity should note that Revenue's policy is to actively challenge tax avoidance transactions and to litigate such cases in the Courts.

## Strategy 4 – Contribute to Ireland’s economic development

Revenue works hard to ensure that our programmes and services provide maximum support to Government policies that encourage inward and indigenous investment and boost competitiveness, with the ultimate aim of promoting growth and facilitating economic recovery.

We assist the Department of Finance in the formulation of tax policy by supplying advice, policy options and costings and by recommending changes to the tax and duty codes that support compliance, reduce complexity and facilitate the move to e-services. Revenue also supports the implementation of Government policies and programmes by working closely with a wide range of Departments and agencies. We also advance Ireland’s tax and customs policy agenda internationally through our participation in a wide range of European and global fora.

### Provide High Quality Advice

In 2014, Revenue provided advice and drafted the legislation in relation to the Finance Act 2014.

The main legislative provisions included in the Finance Act 2014 were as follows:

- Significant changes to the anti-avoidance legislation – see **Feature Article** on page 36.
- Significant amendments to agri-taxation reliefs to give effect to recommendations made by the Agri-taxation Review Report which was published in 2014.
- Amendments to Entrepreneur Relief to ensure compliance with EU State aid requirements and to improve the effectiveness of the relief.
- Relief for small shareholders who received returns of value from Vodafone plc in 2014.
- Amendment of the Capital Acquisitions Tax exemption in relation to payments for support, maintenance or education of children, to limit its availability to minor children and to children up to the age of 25 who are receiving full-time education, while also extending its application to certain adult orphaned children who are receiving full-time education.
- Legislation to enable electronic tax clearance to be introduced.
- Extension for a further 3 years, and enhancement, of the Special Assignee Relief Programme (SARP) that provides for income tax relief for individuals assigned to work in the State.
- Extension for a further 3 years, and enhancement, of the Foreign Earnings Deduction (FED) under which employees who carry out part of the duties of their employment in certain countries can claim a tax deduction.
- Extension of the Home Renovation Incentive (HRI) to landlords.
- A major change to Ireland’s corporate tax residence rules, which provide, subject to transitional arrangements, that companies incorporated in the State will be regarded as resident in the State for tax purposes, unless a double taxation treaty assigns residence to the treaty country.

- Provisions to allow for the implementation of the OECD *Common Reporting Standard* for automatic information exchange, requiring financial institutions to collect information about non-resident customers and transmit this data to Revenue for exchange with other jurisdictions.
- Elimination of the 'Base Year' from the computation of expenditure qualifying for Research and Development Credit. For periods commencing on or after 1 January 2015 it will no longer be necessary to deduct expenditure incurred in 2003 from the amount of expenditure qualifying for this credit.
- Significant enhancement of the capital allowances provision for expenditure on intangible assets, with a removal of the 80% limit on trading income against which the aggregate amount of allowances (and any interest related to the capital expenditure concerned) may be offset.
- Changes to existing regimes that promote investment, including enhanced treatment of short-life assets of leasing companies and the extension of the Employment and Investment Incentive (EII) and Seed Capital schemes.
- Provision for companies which are transitioning to the new Irish and UK Financial Reporting Standards (FRS).
- Provision to ensure that certain capital gains tax exemptions cannot be used by individuals to avoid a charge to tax imposed by a long-standing anti-avoidance provision.
- Joint and Several Liability - This provides that where VAT has been fraudulently evaded, a person who knowingly or recklessly participates in transactions connected to that fraudulent evasion of VAT, is jointly and severally liable for the VAT that has not been remitted and Revenue may notify them accordingly. It applies to taxable supplies of goods or services and also to intra-Community acquisitions of goods. Joint and several liability for the unpaid tax may be assigned to multiple accountable persons where they are participants in a chain of transactions involving the same goods or services.
- Notice of requirement to issue a document – This provides for the service of a notice by the Revenue Commissioners on an accountable person requiring him or her to issue a document, similar to a VAT invoice, in respect of all supplies for which a VAT invoice is not required to be issued. This power will be used to target suppliers who operate dual accounts or who supply large volumes to customers who claim to be non-VAT registered.
- Natural Gas and Biogas as a Transport Fuel: This measure provides for the taxation of natural gas and biogas used as a road transport fuel. These fuels, known as vehicle gas, are now subject to the minimum energy tax rates provided for under the Energy Tax Directive. The measure provides assurance to industry on the amount of excise that will be charged on the fuel in the medium term and this assurance will assist companies in developing the necessary supply infrastructure and fleet conversion for this more environmentally-friendly fuel.
- Mineral Oil Traders Licences: The conditions under which mineral oil trader licences may be refused or revoked by Revenue were clarified and strengthened under the Finance Act and now include an explicit provision that the granting or holding of a mineral oil trader's licence is conditional on compliance by a trader with excise law on mineral oils. Under the new provisions, to obtain and hold a mineral oil traders licence, the applicant must be able to show:

- that the systems and procedures of their business, including its measuring systems, are capable of providing a full and true record of all mineral oil transactions and
  - that the business is for the purpose of realising legitimate profit from trading in mineral oils and is carried on for the benefit of the licence holder.
- The grounds for revocation of a licence by Revenue are extended to include non-compliance with these requirements and the provision of false or misleading information at the licence application stage. In addition, where a licence holder is no longer trading at the premises to which the licence relates, the licence will cease to have effect and the licence holder must notify the Commissioners.

Revenue also provided advice in relation to legislation drafted by other Government Departments and Agencies in 2014.

### **Reform of the Appeal System for Tax Matters**

In January 2014, Revenue made a submission to the consultation on the Reform of the Appeal System for Tax Matters announced by the Minister for Finance in October 2013. This submission has been published on Revenue's website. An effective appeals process is a necessary part of a good tax and duty administration system. The appeals process should be fair, easily accessible, expeditious and efficient. As a major stakeholder in the appeals process, Revenue has a particular interest in having a system that:

- is accepted as independent by all stakeholders,
- has procedures that are as simple as possible but are adaptable enough to deal efficiently with appeals of varying importance and complexity,
- minimises delays, and
- through transparency, ensures that identical issues are not appealed unnecessarily by different taxpayers.

The Minister for Finance intends to introduce legislation during 2015 that will underpin the implementation of a reformed tax appeals system. Revenue will implement any necessary changes arising from its revised role in the tax appeals process.

### **Customs Bill 2014**

The Customs Bill 2014 was published in October 2014 and a copy of the Bill and of the Explanatory Memorandum may be accessed on the [Revenue website](#).

The Customs Bill consolidates, revises and modernises existing national customs legislation, some of it dating back to the Customs Consolidation Act 1876. When enacted, the Customs Bill will repeal a complicated overlapping structure of both old and new national customs legislation. It will be replaced with a very much shorter single Customs Act which will be clear, easy to understand and easy to access.

The EU Customs Code now directly provides most of the legal framework for customs, including the rules relating to rates of duty, customs valuation, forms of declarations, etc. National customs legislation is now needed only in respect of those areas that are not specifically covered by EU legislation. Typically, these include certain control provisions, enforcement powers and sanctions.



## Extend Tax Treaty Network

### Double Taxation Agreements

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

By the end of 2014, Ireland had signed DTAs with 72 countries, of which 68 were in force on 1 January 2015. The DTAs with Botswana, Ethiopia, Thailand and Ukraine are not yet in force – the DTAs with Botswana, Thailand and Ukraine have yet to be ratified by those countries, while the DTA with Ethiopia has yet to be ratified by both countries.

Details on the DTA activity in 2014:

- Two new DTAs (Botswana and Thailand) and three Protocols to existing DTAs (Belgium, Denmark and Luxembourg) were ratified by Ireland in 2014.
- Negotiations held in 2014 included the Protocol with Denmark (which was also signed and ratified in the year) and a DTA with Ethiopia (signed in November 2014). In addition, a first round of negotiations for a DTA with Ghana was held, while on-going negotiations on the DTA with Azerbaijan were advanced significantly.
- The renegotiation of existing treaties also continued apace. Negotiations were held and concluded in 2014 on an updated DTA with Zambia. Negotiations for an updated DTA with Pakistan were also concluded in 2014, while the renegotiations of the treaties with the Netherlands and with Mexico (the latter by way of a Protocol to the existing treaty) were also advanced.
- A Protocol to the DTA with Germany was also signed late in the year.
- Negotiations regarding a DTA with Turkmenistan have concluded. Ireland is awaiting production of a Turkmen language version of the DTA before both countries can sign it. It is anticipated that both countries will sign the DTA in 2015.

Separately, a Tax Information Exchange Agreement (TIEA) with Argentina was signed in 2014. By the end of 2014, Ireland had signed TIEAs with 23 countries, of which 17 were in force on 1 January 2015. The TIEA with Argentina has yet to be ratified by Ireland; the TIEAs with Dominica, Marshall Islands, Montserrat, Turks & Caicos Islands and Vanuatu have been ratified by Ireland and will come into force when notice of ratification by those countries has been received.

## Work Internationally to Support Compliance

Revenue actively participated in discussion of key tax and customs matters within a number of international Groups, including European Union, OECD, Forum on Tax Administration, Global Forum on Transparency and Exchange of Information, Intra-European Organisation of Tax Administrations (IOTA) and World Customs Organisation.

## Automatic Exchange of Information

Revenue is committed to increasing global tax transparency and contributed actively to the development of a number of initiatives providing for the automatic exchange of information between tax administrations. Automatic exchange of information initiatives, including the OECD's Common Reporting Standard (CRS), the Foreign Account Tax Compliance Act (FATCA), and the EU Directive on Administrative Cooperation are key tools to improve tax compliance and deter cross border tax evasion. These initiatives provide for both the exchange of taxpayer information contained in tax returns and the exchange of account information provided by financial institutions. The exchange of information will greatly enhance the capacity of tax administrations to identify untaxed income and assets and will reduce opportunities to evade tax through the use of offshore accounts. At a ceremony in Berlin in October 2014 attended by the Minister for Finance, Mr. Michael Noonan T.D., and then Revenue Chairman Josephine Feehily, Ireland joined with 50 other jurisdictions in committing to operate the CRS from 2017. See **Feature Article** below.

### Feature Article - Automatic Exchange of Information

In August 2014, Ireland joined with 35 other jurisdictions plus the UK's Overseas Territories to release a statement as the 'OECD Automatic Exchange of Information Early Adopters' group observing that "*Tax evasion is a global problem and requires a global solution*". Ireland is fully committed to being part of that solution and has been actively involved in developing and implementing a range of Automatic Exchange of Information (AEOI) initiatives which aim to minimise international opportunities for concealing monies and to maximise financial transparency.

AEOI is not new. The EU Savings Directive was adopted in June 2002 in order to ensure the proper operation of the internal market and to tackle the problem of tax evasion within the EU. Since 2005, Revenue has been exchanging information with other EU Member States relating to interest: sending information in relation to interest paid to individuals resident in those other EU Member States and receiving information in relation to individuals resident in Ireland.

In 2012, Ireland signed an intergovernmental agreement with the United States of America to implement the Foreign Account Tax Compliance Act (FATCA), a reciprocal data exchange agreement. FATCA requires financial institutions to register with the Inland Revenue Service and report account information with respect to US persons, including account balances, interest payments, value of insurance contracts and proceeds of sale of financial assets. Legislation was introduced in the Finance Act 2013 to implement the agreement and regulations were made in June 2014 compelling financial institutions to collect and return the agreed information to Revenue so that we could then report it to the US. Ctd...

**2002**  
**EU SAVINGS**  
**DIRECTIVE ADOPTED**

**2005**  
**REVENUE COMMENCED**  
**EXCHANGE OF INFORMATION**  
**WITH OTHER EU MEMBER STATES**

**2012**  
**INTERGOVERNMENTAL AGREEMENT**  
**WITH THE USA TO IMPLEMENT**  
**THE FOREIGN ACCOUNT TAX COMPLIANCE ACT**

**2014**  
**AGREEMENT TO ALLOW FOR THE**  
**EXCHANGE OF INFORMATION UNDER THE**  
**"COMMON REPORTING STANDARD"**

**2016**  
**IRELAND COMMITTED TO SENDING**  
**INFORMATION UNDER THE EU DIRECTIVE ON**  
**ADMINISTRATIVE COOPERATION**

We have consulted with the financial services industry and produced guidelines on the implementation of FATCA in Ireland to ensure the agreement is correctly administered. Financial Institutions must begin reporting the required information to Revenue by June 2015 for exchange with the US in September 2015. We will receive similar information from the IRS regarding Irish taxpayers.

As an Early Adopter jurisdiction, Ireland is committed to the earliest possible introduction of a global standard relating to financial account information exchange. In October 2014, Ireland signed a multilateral agreement to allow for the exchange of financial account information under the OECD *Standard for Automatic Exchange of Financial Account Information in Tax Matters*, also known as the Common Reporting Standard. Legislation was introduced in the Finance Act 2014 to allow Revenue to make regulations that will require financial institutions to report data relating to non-resident customers for exchange with partner jurisdictions. We will also receive reciprocal information about Irish resident taxpayers who have accounts abroad, and will be able to use this information to verify tax returns and to target and confront taxpayers that are non-compliant. Financial Institutions must begin collecting information about non-resident taxpayers from 2016, and this information will be exchanged with partner jurisdictions from 2017.

Revenue has been an active contributor in the development of the EU Directive on Administrative Cooperation. The Directive requires EU Member States to automatically exchange available information, for 2014 onwards, concerning residents of other Member States in respect of 5 categories of income and capital: employment income, directors' fees, pensions, ownership of and income from immovable property and life insurance products. Member States will begin exchanging this information from June 2015. Ireland has committed to sending information in relation to the first four of the categories from June 2016. Revenue also participated in the negotiation of the revision of this Directive to extend the agreement from Revenue-held information to financial information. The revised Directive was formally adopted by the EU Council in December 2014 and enacted into EU law in January 2015. The revised Directive makes the OECD Common Reporting Standard part of EU law and enables the current EU Savings Directive to be wound down in tandem with the implementation of the revised Directive.

## **Base Erosion and Profit Shifting (BEPS) Project**

The OECD work on the BEPS Action Plan continued in 2014 and the dedicated BEPS team in Revenue is actively involved in this work. The team is involved in developing detailed policy positions in relation to BEPS actions in conjunction with the Department of Finance. The team represents Ireland as delegates at the working party and focus group discussions, communicating Ireland's policy position in relation to each action.

The key milestones in 2014 were the publishing of the first seven of the BEPS deliverables which consisted of two final reports (Action 1 – *Addressing the tax challenges of the digital economy* and Action 15 – *Developing a multilateral instrument to modify bilateral tax treaties*), one interim report (Action 5 – *Countering harmful tax practices more effectively, taking into account transparency and substance*) and four reports containing draft recommendations (Actions 2 – *Neutralising the effects of hybrid mismatch arrangements*, 6 – *Preventing the granting of treaty benefits in inappropriate circumstances*, 8 – *Guidance on transfer pricing aspects of intangibles* and 13 – *Guidance on transfer pricing documentation and Country-by-Country Reporting*). The interim and draft reports will be finalised as part of the work on the 2015 deliverables.

The BEPS team has consulted extensively with third parties such as professional bodies, industry groups and other stakeholders with a view to understanding their perspectives on the BEPS project. This ongoing work complements the work done by the Department of Finance in this area including in relation to their BEPS Public Consultation.

The work on BEPS is continuing in 2015 and Revenue will continue to participate actively in the project.

## Mutual Agreement Procedures (MAPs) and Advance Pricing Agreements (APAs)

Over the course of 2014, Revenue, as the *competent authority* under our Tax Treaties, continued its work engaging with the competent authorities of other countries to eliminate double taxation. This work included Mutual Agreement Procedure (MAP) negotiations, provided for under Ireland's network of double taxation agreements and the EU Arbitration Convention. While recognising that Ireland does not have its own unilateral Advance Pricing Agreement (APA) programme, Ireland agreed to enter into bilateral APA discussions with other Competent Authorities in appropriate cases. See **Tables 27 and 28** on page 77.

## EU Engagement

Following on from a very successful EU Presidency in 2013, Revenue continued to play an active part in EU discussions of taxation and customs issues in 2014 with the aim of advancing Ireland's interests in these areas.

## Taxation Matters

There were some significant developments in the taxation area, including the finalisation of a revised Council Directive on Administrative Co-operation which incorporates the OECD *Common Reporting Standard* for automatic exchange of financial account information into EU law.

Further progress was made in EU action to counter aggressive tax planning with the adoption of an amendment to the Parent and Subsidiaries Directive in July 2014 to close off a loophole that had allowed corporate groups to exploit mismatches between national tax rules so as to avoid paying taxes on certain types of profits distributed within a group. In addition, agreement was reached in December 2014 to introduce a general anti-abuse rule into the Parent and Subsidiaries Directive to counteract contrived arrangements that misuse the provisions of the Directive for tax avoidance purposes.

There was continuing discussion of the Commission's 'Common Consolidated Corporate Tax Base' (CCCTB) proposal. The focus of the discussion was on specific elements of the tax base and on international issues closely linked to the on-going OECD work on BEPS.

Significant progress was made in determining appropriate criteria for ensuring that preferential taxation regimes for intellectual property (IP), including patent box regimes, do not constitute harmful tax measures from an EU perspective. In broad terms, the proposed criteria will deem Member States' provision of a preferential rate of tax for income deriving from patents and equivalent IP not to be harmful so long as there is a direct, proportionate link between that income and research and development undertaken in the Member State leading to the IP concerned.

Following work initiated under the Irish Presidency on hybrid mismatches, the Code of Conduct Group adopted guidance for Member States in countering double non-taxation arising from hybrid entity mismatches within the EU. A hybrid entity mismatch arises where an entity is treated as transparent for tax purposes in one member State and non-transparent for tax purposes in another Member State.

In 2014, Revenue contributed to the development of Draft Guidelines for a Model for a European Taxpayers' Code, which is an initiative contained in the European Commission's Action Plan to strengthen the fight against tax fraud and evasion. The purpose of the Draft Guidelines is to set out best practices for enhancing cooperation between tax administrations and taxpayers, for ensuring greater

transparency on the rights and obligations of taxpayers, and for encouraging a service-oriented approach.

No substantive progress was made on the proposal for a Standard VAT Return for all Member States, as Council remains split between Member States that want very detailed returns and those opposed to imposing a significant additional administrative burden on business. The EU Council continued its examination of proposed new rules in relation to the VAT treatment of vouchers, but it was not possible to reach agreement in 2014. The Commission withdrew its proposal for a new Energy Taxation Directive following protracted discussions in Council and entrenched opposition by some Member States to key elements of the proposal.

## **Customs Matters**

There were significant developments in the Customs area including progress on implementation of the Union Customs Code (UCC). The UCC aims to streamline customs legislation and procedures, provide greater legal certainty and uniformity for traders and complete the shift to a paperless and fully electronic environment. The UCC was published on 9<sup>th</sup> October 2013 and during 2014 significant progress was made towards finalising the text of the UCC implementing and delegated acts.

Council Conclusions on the 'EU Strategy and Action Plan on customs risk management' were adopted by the Competitiveness Council on 4<sup>th</sup> December 2014. These Council Conclusions recognise the importance of a dynamic and responsive Customs risk management particularly against the backdrop of growing volumes of trade, an ever more complex and fast moving global supply chain, and the need for efficient controls and risk-mitigation balanced with the need to promote and encourage trade facilitation.

Significant progress was also made in relation to the Amendment of Regulation 515/97 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to strengthen procedures in the fight against customs related fraud.

Discussions are progressing on the proposal for a Directive of the European Parliament and of the Council on the legal framework for customs infringements and sanctions. The objective of this Directive is to approximate the sanctions for customs infringements throughout the EU to facilitate harmonised enforcement.

Revenue is committed to participating in Coordinated Border Management and EU Customs Single Window initiatives, where Customs work collaboratively with other public service agencies in the management of our frontiers. This includes the ability for economic operators to be able to lodge information electronically and once only, with the data being shared as required amongst the various regulatory authorities.

Ireland was the first country to pilot the first project of the EU Single Window Programme when, in December, the Customs declaration system began interfacing with the European Trade Control and Expert System (TRACES) used by veterinary staff throughout the EU. The consequential reduction in the manual handling of paper certificates will result in much reduced number of trade contacts and consequentially quicker turnaround times.

## Influencing International Policy

Having served as Chairperson of the World Customs Organisation since 2011, former Revenue Chairman Josephine Feehily concluded her third term last June. Her tenure was marked by commitment and support for enhanced trade facilitation measures as well as improvements to the WCO's governance structures. Under her leadership the WCO developed closer ties with the business sector and their perspective and input is assured through the Private Sector Consultative Group which is now an important voice within the WCO.

Ireland hosted a plenary meeting of the OECD Forum on Tax Administration in October 2014 to explore the global challenges facing tax administrations and to consider ways to improve tax compliance and increase tax administration effectiveness. In addition to Tax Commissioners from 38 countries the meeting was attended by representatives from a range of international tax organisations as well as leaders from international business and tax practitioners. This plenary meeting focused on a number of key areas, in particular Base Erosion and Profit Shifting (BEPS) and the Automatic Exchange of Information.

Ireland was re-elected to the Executive Council of the Intra-European Organisation of Tax Administrations (IOTA) for a third consecutive term in 2014. IOTA is an intergovernmental organisation whose mission is to promote cooperation between tax administrations in the European Region, to provide a forum for the discussion of tax administration issues and to support the development of its 46 member administrations. In April 2014 Revenue hosted a meeting of the Executive Council in Dublin where discussions were held on IOTA's strategy and the implementation of its work programme. Throughout the year, Revenue officials participated in technical workshops during which practical experiences were shared and best practice on tax administration issues was identified.



***Ireland hosted a plenary meeting of the OECD Forum on Tax Administration in October 2014.***

## Enablers

Developing a programme of continued innovation and developing our people, structures, technology and processes is key to achieving our strategies and objectives in the context of a growing economy, workforce demographics, sophisticated tax planning, and the challenging international environment.

### Enabler 1 – People and Structures

To deliver on our mission, it is essential that we have the right people with the right skills in the right places, now and into the future. Revenue had 6,035 staff (5,647 full time equivalents) at the end of 2014, down 98 (1.7%) on the end of 2013. Our priority in 2014 was to replenish our skills base by building staff capability and adjusting structures. We also filled a number of critical skill gaps through redeployment from the public sector and open recruitment at Principal, Assistant Principal and Administrative Officer levels. See **Feature Article** on Page 50.

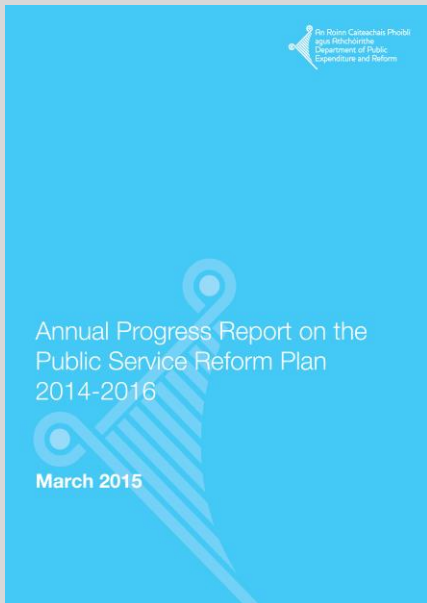
#### In 2014:

- A total of 16,978 training days were delivered to staff.
- The total direct expenditure on training and development was just under €5 million representing 1.74% of payroll costs.
- 19 students were conferred with the BA (Hons.) in Applied Taxation, and a further 56 were conferred with the Diploma in Applied Taxation by the University of Limerick. Two students graduated with a Corporate MBA. In addition, 27 students were conferred with the Tax Technician qualification (TMITI), 15 students received a Certificate in Income Tax and Payroll Compliance and a further 4 students graduated as Chartered Tax Adviser, awarded by the Irish Tax Institute. See **Feature Article** on Page 51.
- 99 staff were recruited from open competition in 2014, including 1 Principal, 17 Assistant Principals and 48 Administrative Officers.
- In 2014, the percentage of working days lost to sick leave was 4.53% and the average number of sick days per staff member was 10.38.
- We prepared our 2014 Integrated Reform Delivery Plan and delivered a range of initiatives some of which are reflected in the Annual Progress Report on the Public Service Reform Plan 2014-2016. See **Feature Article** on Page 49.
- The transfer of transactional human resource (HR) functions from Revenue to HR Shared Services has resulted in an 18% reduction in Revenue's HR staff resource, facilitating an increased focus on strategic HR and workforce planning by the retained resource.
- Revenue played an active and strategic part in leading the process to renew the vision and strategy for the Civil Service. Revenue was represented at Assistant Secretary level on the Civil Service Renewal Taskforce, and Revenue staff also participated and submitted views during the comprehensive engagement process undertaken by members of the Taskforce.

- Revenue continues to support and engage with the Financial Management Shared Services team through Programme Board membership at Assistant Secretary level, participating in the design phase and assisting in the implementation planning process.
- Revenue carried out a Comprehensive Review of Expenditure that identified opportunities to increase revenue streams and efficiency savings. This review played a significant part of the 2015 Estimates process. Significant initiatives already delivered include developing systems and structures to support the new EU VAT Mini One Stop Shop, electronic Form 12 return of income, and the development and deployment of enhanced debt analysis tools.
- During 2014, a number of schemes using the “Accumulated hours” proposals outlined in the Haddington Road Agreement were rolled out in several Revenue offices. By coordinating attendance patterns to address seasonal requirements and business peaks we were able to maximise the business benefit from the additional hours in the areas concerned.
- In January 2014, the Independent Panel on Strengthening Civil Service Accountability and Performance was appointed by the Minister for Public Expenditure and Reform, Brendan Howlin T.D. following the publication of a consultation paper on civil service accountability and performance. Revenue made a submission to the Panel that confirmed our commitment to supporting effective accountability systems that can maintain Revenue’s reputation as a high performance organisation within the Civil Service.
- Members of our senior management team actively participated on a number of cross-Departmental public service reform groups. These include the Advisory Group of Secretaries General that provides support and advice to the Cabinet Committee on Public Service Reform, the Reform and Delivery Board that monitors the delivery of Public Service Reform at a strategic level and the cross-Departmental External Service Delivery Debt Management Project that reviewed the debt management operations of a number of Public Sector bodies.



## Feature Article - Annual Progress Report on the Public Service Reform Plan 2014 - 2016



In January 2014, the Government published its second Public Service Reform Plan covering the period 2014 - 2016. This Plan places a particular emphasis on improving outcomes for service users, as well as maintaining the necessary focus on increased efficiency. On 4<sup>th</sup> March 2015, the Minister for Public Expenditure and Reform Mr. Brendan Howlin T.D. published the [Annual Progress Report on Public Service Reform](#).

The Report reflects on the strong progress made in implementing reform priorities identified for 2014 and acknowledges the contribution of all public service organisations in delivering on a range of initiatives. A number of examples are presented in the report including important contributions that Revenue has made to the reform agenda as follows:

### **Digital Government**

*“Revenue developed a range of new electronic systems in 2014, including a new Electronic Manifest System to facilitate imports and exports, a system to administer the Home Renovation Incentive Scheme, and an e-Form 12 Return of Income. It also introduced a Charitable Donations refund scheme and the VAT Mini One Stop Shop to facilitate the filing of returns and payment of VAT by suppliers of telecommunications, broadcasting and e-services in the EU. These all help to make Ireland the easiest country in the EU to pay business taxes (for the eighth year running) and rank Ireland as the most efficient facilitator in the transit of goods in the world”.*

*“Revenue continued to develop its use of analytics in areas such as real-time risk interventions in PAYE and VAT and use of social network analysis to identify potential fraud.*

*“In 2014, Revenue also developed an online correspondence facility for Local Property Tax queries and correspondence, providing a secure channel for using email.”*

*“In 2014, Revenue provided ICT services to some 35 Public Service Bodies, including server hosting storage provision, web services for security and access functions such as tax clearance, computer based printing and mailing.”*

### **Human Resources Management Reforms**

*“The Office of the Revenue Commissioners also held open recruitment competitions for specialist posts at Principal, Assistant Principal and Administrative Officer levels, recruiting 66 staff at these levels in 2014.”*

## Feature Article – Recruitment in Revenue

Revenue continuously strives to ensure that we have an efficient, sustainable, agile and engaged organisation delivering quality performance. For this we need to attract, recruit and retain talented people. The administration of taxes and duties is a complex business requiring a wide range of specialists and experts.

In spite of Employment Control Framework restrictions over recent years, while reducing overall staff numbers, Revenue has successfully recruited staff to fill posts where there were specific skills deficits. Over the last five years, Revenue recruited 9 Principals, 56 Assistant Principals and 140 Administrative Officers from open competitions. These staff were recruited to fill gaps in critical skills in the areas of audit & compliance, specialist tax expertise (such as transfer pricing), legal, data analytics and information & communications technology.

Based on current and projected future staffing needs identified in our workforce plans, Revenue will need to recruit over 400 new staff in 2015. The recruitment will be for staff at all levels and across a diverse range of specialist skills areas such as tax and legal professionals, data analysts, economists and information technology experts.

Revenue aspires to be the employer of choice for the range of skilled and specialist staff it requires. Revenue has a mobility policy offering exposure to a wide variety of interesting challenges and roles. We provide focussed support for development of staff through accredited tax and duty training, continuing professional development programmes and financial support for self-directed learning. We provide 100% merit-based opportunity for advancement along a structured career path. We also offer a comprehensive range of work-life balance options, subject to business needs. This is best validated by our staff and their experiences which present a flavour of the variety of career opportunities available in Revenue are set out on Pages 53 to 58.

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

## Feature Article – Accredited Training Programmes in Revenue

To deliver on our mission it is critical that Revenue builds capacity and expertise. Revenue has a dedicated Training Branch that provides a range of learning and development supports to build staff capacity. This includes a comprehensive functional training programme to meet our changing business needs. A significant feature of this functional training is external business partnership and validation, including accreditation.

In 2004 Revenue entered into a business partnership with the University of Limerick to accredit our Technical Tax Training Programme through a Diploma in Applied Taxation and Bachelor of Arts (BA) in Applied Taxation. The partnership with the University of Limerick was renewed in 2014. In January 2015 56 students were conferred with a Diploma in Applied Taxation, 19 with a BA in Applied Tax and 2 with Master of Business Administration. To date, 231 students have completed the BA programme and 588 have completed the Diploma programme.



*The Class of 2014 with Revenue senior management colleagues at the conferring ceremony in the University of Limerick on 19 January 2015.*

Since the start, the content of both programmes has evolved to meet Revenue's ever changing business needs. Students who graduated from the 2013/2014 BA Programme studied: International Tax, Corporate Reporting, Principles of Economics, Social Administration and Tax, Revenue Law, Advanced Tax Issues, Issues in Public Finance, Risk Management & Governance, and Research Methodology. The BA programme also requires each student to complete a Final Year Research Project.

At the January 2015 graduations Gillian Morrow, East & South East Region, received the award for the Best BA Student, while Eve Arrowsmith, Border Midlands & West Region, and Anne-Marie Gleeson, East & South East Region, shared the award for the Diploma Programme. Emer Travers, Border Midlands & West Region, was presented with an award for the best overall Final Year Project entitled "Managing Change - The Challenge of Implementing eAudit as the Default Method by 2016". Ctd...



**Anne-Marie Gleeson EO, joint best student in the Diploma Programme.**



**Eve Arrowsmith HEO, joint best student in the Diploma Programme.**



**Gillian Morrow AO, best student in the Degree Programme.**



**MBA graduates Anne Dullea PO and Enda Malone AP with Revenue Chairman Niall Cody (centre) and Commissioners Liam Irwin (left) and Gerry Harrahill (right).**



**Emer Travers HEO receiving the prize for best Final Year Project from Dr. Philip O'Regan, Dean of UL.**

Revenue also has a valuable educational partnership with the Irish Tax Institute. In 2014 46 Revenue students were conferred by the Irish Tax Institute. 27 students were conferred with the Tax Technician qualification (TMITI), 15 students received a Certificate in Income Tax and Payroll Compliance and a further 4 students graduated with the AITI Chartered Tax Adviser (CTA). From 2015, most new recruits to Revenue at Clerical Officer level, in addition to in-house modular training, will receive Certificate in Income Tax and Payroll Compliance training from the Irish Tax Institute and will be supported to pursue the Tax Technician qualification.

## Revenue Staff Profiles

### Paul Codd - Dog Handler

In 2004 I joined the Civil Service and I was placed in Revenue's Customs & Excise trade facilitation Unit in Dublin Airport. I worked in various sections including freight imports and exports, exams and the airmail unit.

In 2007 I joined Revenue's Enforcement Team where I was able to work closely with dog handlers. In 2010 I applied for the post of dog handler and I was successful. I was introduced to Barney and we began our intensive 8 week training course to detect currency. Following the completion of the training we were deployed in the Dublin District.



The role of the dog handler involves an array of responsibilities including the care and safety of the dog and equipment. The role requires a huge amount of commitment and dedication as the dog spends long hours with me. The handler and dog are a unique partnership and we are tasked with searching baggage, freight, warehouses, cars, trucks, houses, commercial/private premises and passengers trying to detect cash. As a cash detector dog handler we have a national remit and we are regularly requested to support external agencies including Criminal Assets Bureau and Garda Task Force Units during operations. Cash detector dog Barney has been instrumental in multiple detections of large amounts of cash associated with the proceeds of crime.

The role of a dog handler for me has been a challenging and rewarding experience. My time as a handler has helped me to develop both professionally and personally while representing Revenue in one of the busiest offices in the country. My day starts and ends with a smile and a wagging tail.

### Agnes McGinley - Administrative Officer

I am currently an Administrative Officer in the Donegal District of the Revenue Commissioners. My background is in accountancy and tax. I obtained a BA in Accounting and Finance and a M. Sc. in Accounting from Dublin City University. I then worked for nine years in practice with a Big 4 firm where I trained in audit and progressed to tax manager and obtained the Chartered Accountant and Chartered Tax Adviser qualifications.

I joined Revenue in December 2012 following an open recruitment competition and have received exceptional support from my colleagues throughout Revenue in the performance of my role.



My responsibilities in the Donegal District, as part of Revenue's strategy to identify and confront non compliance, include case selection for Revenue audit and the completion of audits and investigations of companies and high net worth individuals. Audits involve analysing information obtained from both internal and external sources including Mutual Assistance Requests from HM Revenue & Customs and information obtained under Tax Information Exchange Agreements. The work, which often involves the progression of cases for hearing by the Appeal Commissioners and the Courts, is interesting and challenging.

I chose a career in Revenue to further develop my tax knowledge and because of the opportunities for progression and advancement available.

### **Aidan O'Connor - Assistant Principal**

I am a graduate of UCD having studied Law and Business. I trained as a chartered accountant and chartered tax consultant with a Big 4 accounting firm. During this time I specialised in Transfer Pricing, an international tax discipline. With the introduction of Irish Transfer Pricing rules in 2010, I took the opportunity to get involved in this new, for Ireland, and highly topical discipline of international tax and the opportunities and challenges that went with it.

Having achieved my accounting and tax qualifications and gained additional professional experience as a Big 4 manager, I chose to join the Revenue Commissioners through the open assistant principal competition in 2014.

I saw the opportunity to use my skills for the benefit of the public and to further progress my career in Revenue. Due to my specialist Transfer Pricing skills, I was assigned to the new central Transfer Pricing audit team in Revenue's Large Cases Division. I look forward to using my specialist skills to help develop this team, to deliver quality transfer pricing audits and ultimately to enhance the profile of transfer pricing as a tax discipline both inside and outside Revenue.

I also look forward to gaining experience and applying my specialist skills in other areas of Revenue and meeting people across the organisation – it's a really large organisation with a wide variety of roles and functions and has great internal mobility opportunities allowing for a highly varied career in one organisation

On a personal note, since joining I've been welcomed by all staff who are supportive of all new entrants. Finally, Revenue provides a very positive and encouraging working environment which is an added bonus.



### **Victor Pigott - Administrative Officer**

I joined the Public Service in 2006 after finishing my BA in Public Policy at NUI Galway. After seven years in a number of different areas I joined Revenue as an Administrative Officer in 2013. I was interested in Revenue due to the critical role it plays as the tax collection agent of Government and the opportunities I knew were available in an organisation as large and diverse as this.

I am part of the economic research team in the Statistics & Economic Research Branch. From day one the work has been challenging and rewarding with strong support from colleagues and management. From a technology perspective, we use a number of different market leading analytical software.

Continuous professional development is encouraged and opportunities for training are numerous. I have completed my Masters degree while working here and I have attended a number of conferences, workshops and courses at home and abroad.

At Administrative Officer level there is scope to develop projects yourself in consultation with management and ownership of work is one of the benefits of working in a research capacity. I have been involved in and led a number of diverse projects including an analysis of the concentration of Corporation Tax in Ireland, an analysis of the tobacco market in Ireland, modelling Income Tax, mapping key tax data across the Country and behavioural studies. I am looking forward to my future in Revenue with the wide array of opportunities for promotion and secondments and the chance to work across a number of different business areas.



## **Sarah Cahill – Assistant Principal**

I first joined the Revenue Commissioners as an Administrative Officer via an open competition in 2010 and was assigned to the Investigation and Prosecutions Division where my work consisted of the management of project based investigations where substantial tax risk had been identified. This position required me to have specialist tax knowledge and allowed me to further develop my management, interpersonal and negotiation skills.



I also gained valuable experience and familiarity with the tax appeals and legal process through working with the Revenue Solicitor's office and Senior Counsel in relation to numerous appeals and High Court Judicial Review.

In terms of my background I obtained a B.Sc. in Management & Marketing from Dublin Institute of Technology and then chose to pursue the Chartered Tax Adviser qualification from the Irish Taxation Institute. I worked in a number of small to medium sized accountancy firms during my tax training and post qualification period.

The main factor that drew me to a career in the Revenue Commissioners was the opportunity for progression and advancement available within a large organisation. I also found the approach to work life balance invaluable.

The opportunity to progress presented itself in 2014 when I was successful in an open competition for Assistant Principal and was promoted in Revenue. I was delighted to have achieved this next step in progression within four years of joining the organisation.

On promotion I was assigned to the Personal Taxes Policy and Legislation Division of the Revenue Commissioners. My work consists of the drafting and interpretation of legislation in addition to providing advice and technical support to operational areas of Revenue. A major feature of the role requires liaison and interaction with the Department of Finance in relation to the annual Budget and Finance Bill cycle. It also requires ongoing engagement with Government Departments and representative bodies in relation to tax policy issues.

Making the move to Revenue has afforded me the opportunity to work in different areas covering the many aspects of tax. It has also allowed, encouraged and provided the environment to improve and develop my technical ability, skills and knowledge.

## Brian Liston - Administrative Officer

I joined Revenue as an Administrative Officer (AO) in the Information, Communications Technology & Logistics (ICT&L) Division in July 2014. Previously, I had worked as an Architect for just under ten years, in both the public and private sectors, before deciding to retrain in ICT. Following completion of a Higher Diploma in Computing in 2013, I took up a position with a large multinational software company in Dublin.

Although this was a reasonably interesting and well-paid role, I took the opportunity to join Revenue as an AO for the following reasons:



- The AO position involves a mix of technical and managerial responsibilities, which I found far more appealing than the relatively junior technical roles which are usually offered to graduates. I felt it would allow me to utilise the skills and experience I had gained previously, in areas such as project management and team leadership.
- The Civil Service provides a clear career path and the opportunity to build a career over a number of years. The AO role is particularly suited to developing the skills and experience required to progress into management roles.
- Joining Revenue's ICT&L Division offered the opportunity to work on a very wide range of technical areas, including hardware, virtualisation, software development etc.

Over the past nine months, I have found that all of the above assumptions were valid, in relation to both the day-to-day work and the career development opportunities within Revenue. A flexible and tailored "AO Career Framework" has been established, which provides guidance on career development and training. Key to this framework is a policy of "rotation" of AOs between different sections, which provides an opportunity to upskill in a range of ICT areas and find the right role or career path for each person.

I currently lead a team of six people who run the Virtual Desktop Infrastructure for Revenue, which is an essential service for all 6,500 staff in the organisation. This involves both the planning and execution of projects and the provision of Live Support for the service.

The work is interesting, rewarding and quite varied. For example, over the past few months I have been involved in planning and managing projects such as the rollout of Virtual Desktops and Thin Clients; development of policies for testing and release of software upgrades; tendering and procurement work; development of monitoring tools and management scripts for the VDI environment; development of project tracking and time recording tools; management and resolution of live support incidents and many other tasks.

Although I have been challenged by the level of responsibility and the technical upskilling entailed in the role, I have had access to great support and a vast wealth of knowledge and experience from colleagues.

All in all, I would say that I have had a fantastic experience to date and am very glad I made the decision to join Revenue.



## **Kinga Kornak – Executive Officer**

I am a Polish national and I moved to Ireland in 2005. My previous work experience was in customer service in retail and entertainment sectors. I was drawn to a career in the Public Sector to obtain stability and family friendly working hours. Revenue was my first choice due to personal interest in taxation and numbers.

I first joined Revenue as a Clerical Officer via open competition in 2007. I was assigned to the Central Revenue Information Office (CRIO) where my duty was to provide high quality customer service in a public office environment.



I received very comprehensive training regarding tax and operating systems in use. This position allowed me to improve my team working and communication skills. I also gained valuable experience and familiarity with a wide range of tax procedures and operations. I got the opportunity to progress in 2014, when I was successful in an internal competition and was promoted to Executive Officer (EO). I consider this to be a great personal achievement and a next step in my career.

Following my promotion, I was assigned to audit. My work involved carrying out interventions tackling non-compliance and collecting outstanding taxes, interest and penalties.

Currently, I am temporarily assigned to a PAYE Customer Service Unit as a relief EO. Here, my duty is to ensure high quality customer service to PAYE taxpayers via correspondence and on the phone. This position also gives me an opportunity to gain experience in managing staff.

When I return to audit, I will be commencing Audit Training. This will equip me with knowledge of wide range of taxes and will improve my negotiation and interpersonal skills.

In Revenue I have the opportunity to develop on many different levels and to gain invaluable experience, while working in friendly and professional environment.

**Ronan Fitzpatrick - Higher Executive Officer and Cutter Commander of the Revenue Customs Cutter (RCC) 'FAIRE'.**

I joined the Revenue Commissioners in 2002 as a Clerical Officer and worked in the Computer Centre. Once in Revenue I saw the variety of roles on offer within the organisation. I successfully applied for a Customs & Excise Enforcement position in Dublin Port.

I joined a team targeting the smuggling of drugs and fiscal products into the State. This was a challenging role, ensuring free movement for legitimate traffic and passengers, while also trying to detect that small percentage who wish to exploit our laws.

I successfully applied for an Executive Officer position in the Maritime Unit in 2009. The Unit has two crewed vessels the RCC Faire and the RCC Suibheir.



It has the responsibility for patrolling/monitoring activities within the Irish maritime jurisdiction, with the aim of prevention, detection, interception and seizure of prohibited and restricted goods smuggled into or out of the State.

My training included Rigid Inflatable Boat Handling, Sea Survival, First Aid and Fire Fighting in The National Maritime College of Ireland (NMCI) and the BIM National Sea Fisheries Training Centre. In 2011 I completed training as a Deck Officer capable of navigating vessels and was assigned Second in Command. I also trained at The National Customs Academy in La Rochelle France and this has enhanced my working relationship with our international partners.

In 2014 I was appointed a Cutter Commander. It is my responsibility to ensure the safety of the crew and vessel, and to be in a position to respond to operational needs of the Revenue and of our European partners. Supported by five truly committed and dedicated crew-members we have been involved in some interesting and challenging operations. In 2014 the vessel was involved in the seizure of 32 million cigarettes and 4 tonnes of tobacco from a vessel in Drogheda Port and the seizure of 1025kgs of cocaine from a yacht off the Cork coast. Revenue Customs Cutters have provided support to the Coast Guard and RNLI lifeboats on a number of rescue missions and we also work on joint operations at sea with the Irish Naval Service and Air Corps and with vessels from the U.K., France and Spain.

I've had the pleasure of working with some of the most professional, dedicated, individuals and teams. I have benefited from the approach taken by Revenue to support and encourage career and skills development. My role in the Maritime Unit has allowed me to experience some of the most amazing sights as we patrol our coastline and meet some remarkable people in our coastal communities.

## Enabler 2 - Technology and Processes

Information and communications technology plays a key role in driving efficiency and quality improvements, while offering opportunities to radically change how we administer taxes and duties. Establishing electronic channels as the default way of doing business is a key strategic objective for Revenue.

Internally, Revenue is continuously deploying new technologies to streamline our operations, reduce costs and improve performance. Sophisticated analytics are deployed to identify and address risk and compliance issues in real-time rather than retrospectively through compliance interventions and audit.

During 2014 a number of projects were successfully delivered. These included:

- The timely implementation of Budget and Finance Act system changes, plus a range of major maintenance and enhancement releases across Revenue's system portfolio.
- The second phase of the Electronic Manifest Project which:
  - Facilitates the electronic filing of cargo manifests by carriers (previously submitted on paper);
  - Enables enhanced risk-based controls to be completed on arrival of consignments;
  - Automates standard control checks by interfacing to the AEP clearance system to automatically match consignments against Import/Export declarations;
  - Removes the burden of manifest manual matching from traders;
  - Removes the need for double filing of Manifest data by the trade through the auto creation of the eManifest from the Entry Summary declaration;
- The first phases of the VAT Mini One-Stop-Shop (MOSS) project;
- The second and third phases of the Diesel Rebate Scheme;
- The second phase of the Charitable Donations Scheme;
- Numerous additions to the Local Property Tax functionality;
- A Personal Fund Threshold (PFT) application to enable customers to apply for a Personal Fund Threshold Certificate online. Previously all PFT applications were processed manually;
- The Foreign Account Tax Compliance Act (FATCA) solution which delivers on Revenue's commitment under the Intergovernmental Agreement signed between the US and Ireland in December 2012. This facilitates financial institutions in Ireland to fulfil their obligations to report information on U.S. held accounts;
- The eForm 12 project which delivered a user friendly tax return for PAYE customers;
- The first phase of upgrade of Tax Modeller, Revenue's micro simulation model used in income tax policy analysis was delivered and used for Budget 2015 forecasting.

The following projects were significantly advanced during 2014:

- The automatic exchange of information between tax administrations. Under an EU Directive, EU Member States are expected to automatically exchange information that is available on non-residents. The first exchanges of information among EU Member States will occur in 2015;
- The Revenue Case Management project which aims to provide intuitive user-friendly case management and case selection applications that will facilitate improved quality and efficient case working and make better use of risk assessment tools to identify non compliant and fraudulent cases;
- The National Intelligence Management System (NIMS) for use across the organisation to improve recording, categorisation and use of data which will contribute to the development and use of intelligence to target cases for intervention. The initial phase of NIMS will draw on data electronically transferred from a number of air and ferry transport operators;
- The Eircodes project which will allow the storage and use of the new postcode for all Irish addresses.

In addition to the above:

- Revenue also continues to work in partnership with other Government Departments and Agencies to progress the delivery of shared services. We provided ICT services to some 35 Departments and Agencies including server hosting, storage provision, web services for security and access to functions such as tax clearance, computer-based printing and mailing. Revenue also provided access to our Revenue Print Centre for form and media design and production;
- Revenue continued to maintain compliance with EU requirements, including correction of Known Error Lists, across a range of EU systems including customs, import and export controls, excise movements, transit and EU VAT repayments;
- Revenue migrated the PC estate to a centralised virtual desktop service model. The centralised model allows more rapid deployment of software updates to our staff and provides additional security benefits as it removes the need for local data storage.

## Enabler 3 – Governance

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

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

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

The Office of the Comptroller and Auditor General audits the account of receipt of revenue of the State collected by Revenue. The account for the year ended 31 December 2014 is available on our website (insert link). The Office of the Comptroller and Auditor General also carries out examinations on a cyclical basis. Matters arising from these examinations are published in Reports of the Comptroller and Auditor General. Matters reported on include tax collected, expenditure, systems, procedures and practices as well as in-depth examinations of selected Revenue activities. As Accounting Officer, the Revenue Chairman appears before the Committee of Public Accounts to deal with issues arising from Reports by the Comptroller and Auditor General and other matters relating to the activities of the Office that the Committee wish to discuss.

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

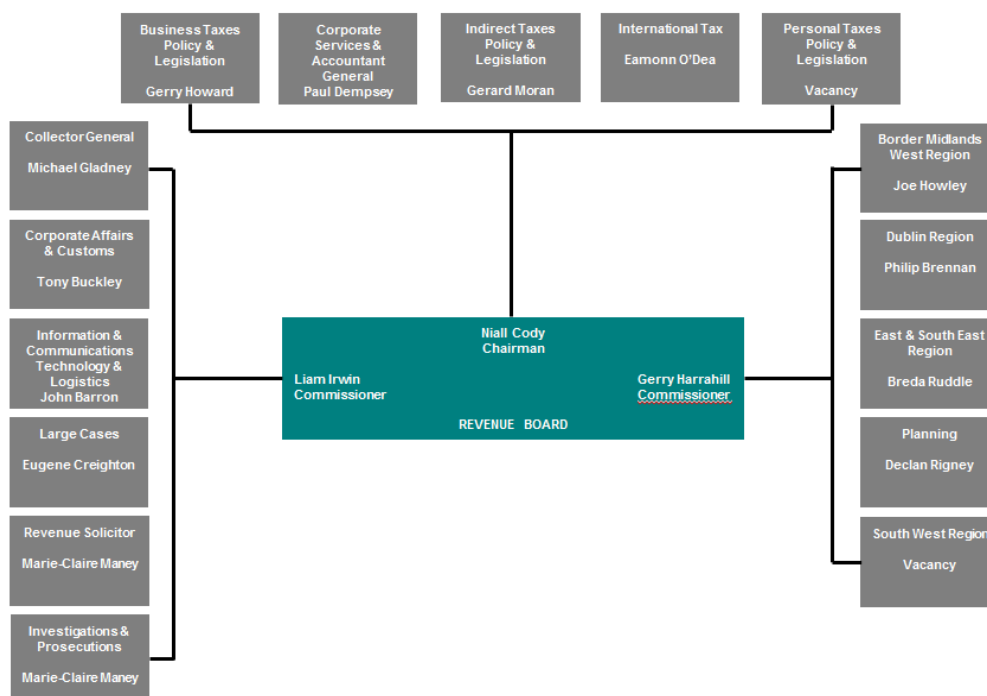
## Management Advisory Committee



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

Back row, l-r: John Barron, Michael Gladney, Paul Dempsey, Gerry Howard, Declan Rigney.  
 Middle row, l-r: Marie-Claire Maney, Joe Howley, Eugene Creighton, Tony Buckley, Gerard Moran, Breda Ruddle.  
 Front row, l-r: Gerry Harrahill (Commissioner), Niall Cody (Chairman), Liam Irwin (Commissioner).  
 (Absent from the MAC group photo are Philip Brennan and Eamonn O'Dea)

## Senior Management and Corporate Governance



## Assistant Secretaries



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



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



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



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



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



**Assistant Secretary: Philip Brennan**  
Dublin Region



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



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



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



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



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



**Assistant Secretary: Declan Rigney**  
Planning Division



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

Division/Region	Description of Revenue Role
<b>Corporate Services and Accountant General's Division</b> <b>Assistant Secretary: Paul Dempsey</b>	Responsible for Revenue's human resource management strategies, including workforce planning, recruitment, training and capability development, financial and information management, corporate reform and internal audit functions. Paul is also the Accountant General, responsible for the accounting and reporting of all taxes and duties collected by Revenue and associated banking functions.
<b>Corporate Affairs and Customs Division</b> <b>Assistant Secretary: Tony Buckley</b>	Responsible for the development of policy, legislation and international functions for Customs. Also responsible for developing Revenue's corporate strategy, performance measurement and reporting, communications and statistics and economic research functions.
<b>Information, Communications Technology and Logistics Division</b> <b>Assistant Secretary: John Barron</b>	Responsible for enabling Revenue achieve its strategic business goals through the provision of secure, reliable and quality information and communications technology services and through innovation, adaptability and new advances in technology. Also responsible for the management and delivery of logistical services central to running Revenue.
<b>Planning Division</b> <b>Assistant Secretary: Declan Rigney</b>	Responsible for the development and evaluation of operational policy on service for compliance and confronting non-compliance strategies and for quality assurance of operational processes and the identification of emerging compliance risks.
<b>Revenue Solicitors Division</b> <b>Investigations and Prosecutions Division</b> <b>Assistant Secretary: Marie – Claire Maney</b>	Responsible for comprehensive legal support services including the conduct of litigation and appeals and the prosecution of criminal offences and responsible for the management, development and co-ordination of Revenue's investigations and prosecution activity.
<b>Collector General's Division</b> <b>Assistant Secretary: Michael Gladney</b>	Responsible for the collection and lodgement of the major taxes and for the development and implementation of debt management programmes. Also responsible for developing compliance interventions to maximise timely compliance and for deploying enforcement programmes for those who fail to comply.
<b>Personal Taxes Policy and Legislation Division</b> <b>Assistant Secretary: Vacancy</b>	Responsible for the development of personal tax and capital taxes policy at national and EU level and responsible for managing policy, legislation and interpretation functions for personal and capital taxes (excluding capital gains tax).
<b>Business Taxes Policy and Legislation Division</b> <b>Assistant Secretary: Gerry Howard</b>	Policy, legislation and interpretation functions for corporation tax, incentives, financial services (including Capital Gains Tax).
<b>International Tax Division</b> <b>Assistant Secretary: Eamonn O'Dea</b>	Responsible for managing direct taxes international functions including EU, OECD and Double Taxation Agreements.
<b>Indirect Taxes Policy and Legislation Division</b> <b>Assistant Secretary: Gerard Moran</b>	Responsible for the development of indirect tax policy at national and EU level and managing the policy, legislation at and interpretation functions for all indirect taxes (VAT, Excises and Vehicle Registration Tax).
<b>Border Midlands West (BMW) Region</b> <b>Assistant Secretary: Joe Howley</b>	Responsible for the management and development of service, compliance and audit functions relating to customers resident in and businesses managed and controlled in the BMW Region. Also responsible for the Central Repayments office, VIMA (including VAT MOSS) and the ROS Helpdesk national functions.
<b>Dublin Region</b> <b>Assistant Secretary: Philip Brennan</b>	Responsible for the management and development of service, compliance and audit functions relating to customers resident in and businesses managed and controlled in Dublin City and County. Also responsible for the National Stamp Duty office.
<b>East &amp; South East (ESE) Region</b> <b>Assistant Secretary: Breda Ruddle</b>	Responsible for the management and development of service, compliance and audit functions relating to customers resident in and businesses managed and controlled in the ESE Region. Also responsible for the Central Vehicle office, the National Excise Licensing office, national functions and all aspects of Capital Acquisitions Tax customer service and compliance operations.
<b>South West (SW) Region</b> <b>Assistant Secretary: Vacancy</b>	Responsible for the management and development of service, compliance and audit functions relating to customers resident in and businesses managed and controlled in the SW Region. Also responsible for the Maritime Unit national function.
<b>Large Cases Division</b> <b>Assistant Secretary: Eugene Creighton</b>	Responsible for the management and development of service, compliance and audit functions relating to the largest businesses and wealthiest individuals in the State. Also responsible for challenging tax avoidance transactions using the General Anti-Avoidance Rule.



## **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 systems and processes independently examined and assessed by Revenue's Internal Auditors. For matters relating to the internal audit function, the Director of Internal Audit reports directly to the Chairman as Accounting Officer. Eighteen internal audits were completed in 2014.

An Audit Committee provides independent governance assurance to the Board. The committee is made up of four members, three of whom are from outside Revenue. The role of the Committee is to oversee the internal audit function and to provide objective advice to the Board in relation to its operation and development.

### **Audit Committee Membership:**

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

## **Oireachtas**

In 2014, the Chairman and Revenue officials appeared before a number of Oireachtas Committees, including the Committee of Public Accounts, the Joint Committee on Finance, Public Expenditure and Reform, the Select Sub-Committee on Finance of that Committee, the Joint Committee on Transport and Communications and the Joint Committee on Health and Children. In addition, Revenue officials appeared before Committee A of the British-Irish Parliamentary Assembly and met with the House of Commons Northern Ireland Affairs Committee.

The Chairman's office also receives and responds to Parliamentary Questions and Representations from Public Representatives.

## **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).

## **Protected Disclosures Act 2014**

The Revenue Commissioners are committed to fostering an appropriate environment for addressing concerns relating to potential wrongdoing in the workplace and to providing the necessary support for staff who raise genuine concerns. The Protected Disclosures Act 2014 requires every public body to establish and maintain procedures for dealing with protected disclosures and to provide written information relating to these procedures to workers. Revenue's Policy on Protected Disclosure Reporting in the Workplace was published in August 2014.

## **Freedom of Information Act 2014**

The Freedom of Information Act (FOI) 2014 came into effect on 14 October 2014. Revenue is working with the Department of Public Expenditure and Reform to ensure the efficient and effective operation of the Act. The number of FOI requests decreased from 226 in 2013 to 205 in 2014. See **Table 29** on page 77.

## **Statement of Strategy 2015 – 2017**

In 2014 Revenue prepared and submitted a draft Strategy Statement 2015 – 2017 to the Minister for Finance following consultation with internal and external stakeholders. The new Statement of Strategy sets out Revenue's strategic direction for the period up to 2017 with a dual focus of promoting voluntary compliance and confronting non-compliance. It also takes into account Revenue's contribution to delivery on the key Government priorities, including the Medium Term Economic Strategy, the Public Service Reform Plan 2014-2016, the Civil Service Renewal Plan, cross cutting issues and the recent Comprehensive Review of Expenditure.

Revenue is a compliance focussed organisation and the identification and confrontation of non-compliance is a key pillar over the next three years. To this end Revenue is committed to maximising the use of data and the deployment of analytics and risk assessment approaches to identify the incidence, scale and significance of non compliance and to target resources to successfully confront and overcome those risks.

Finally the Statement of Strategy recognises the strategic drivers that will position Revenue to deliver on its commitments. These include developing our staff, structures, technology and processes to support effective and high performance delivery. Our focus on leveraging legislation and national and international partnerships will also be a key support to reinforcing compliance and contributing to future economic growth and development. The [Statement of Strategy](#) is now available on the Revenue website.

#### **In 2014:**

- The Cost of Administration as a % of Gross Collection was 0.78%. This is a reduction from 0.83% in 2013.
- We implemented enhancements and commenced further developments of the Revenue Performance Measurement and Reporting System to strengthen management information and improve decision making.
- Taxpayers who are dissatisfied with Revenue's handling of their tax affairs can have their case reviewed either internally by a senior Revenue officer or by an External Reviewer. Revenue received requests for 4 Internal and 16 External Reviews. See **Table 30** on page 77.
- The Ombudsman received 196 complaints relating to Revenue and finalised 211 complaints. See **Tables 31 and 32** on page 78.
- Revenue is compliant with Prompt Payment of Accounts Act 1997 and the European Communities (Late Payment in Commercial Transactions) Regulations 2002 - see **Table 33** on page 78. 98.44% of all payments were made within 15 days. Revenue's [Prompt Payment Returns](#) are published on our website.
- Revenue responded to 1,219 [Parliamentary Questions](#) and 362 [Representations](#) from Public Representatives, details of which are published on the Revenue website.
- Revenue continued its commitment to saving energy in the workplace. We strengthened our involvement in the OPW Energy Awareness Campaign 'Optimising Power @ Work'. Currently there are Energy Teams operating in 36 of our offices. Revenue received 9 awards in the Optimising Power @ Work energy saving initiative. It is intended to extend this initiative to additional offices in 2015.

#### **Senior Management Changes**

Ms. Josephine Feehily retired as Chairman of the Revenue Commissioners on 31 January 2015.

Mr. Niall Cody was appointed Chairman of the Revenue Commissioners by the Minister for Finance, Michael Noonan T.D. and took up his position on 1 February 2015.

Mr. Gerry Harrahill was appointed Revenue Commissioner by the Taoiseach, Mr. Enda Kenny T.D. and took up his position on 1 February 2015.

Mr. Gerry Smyth, Assistant Secretary, retired on 26 March 2015.

## Tables

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

	2014 €m	2013 €m
Income Tax, Income Levy & USC	19,049	17,881
Value-Added Tax	14,210	13,219
Corporation Tax	5,300	4,978
Excise	5,194	5,023
Stamp Duties	1,702	1,352
Capital Gains Tax	556	382
Capital Acquisitions Tax	361	284
Customs	277	248
Local Property Tax	497	317
Collection on behalf of other Departments/Agencies	8,913	8,173
<b>Total</b>	<b>56,060</b>	<b>51,858</b>

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

The figures for 2014 Net Receipts in Table 2 are some €102 million more than the comparable figure for Tax Revenue receipts published in the end of 2014 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 2: TOTAL REVENUE /NET RECEIPTS**

Duties, Taxes & Levies	2014 Net Receipts	2014 Budget Estimates	2014Net Receipts +/- Budget Estimates	2013 Net Receipts
	€m	€m	€m	€m
<b>Income Tax:</b>				
PAYE	10,780	10,373	407	9,508
<b>Self-Employed and certain other non-PAYE sources <sup>(1)</sup></b>				
Direct Payments	1,570	1,310	260	1,169
Less other non-PAYE Repayments	(136)	(136)	0	-130
<b>Net Yield (see footnotes)</b>	<b>1,434</b>	<b>1,174</b>	<b>260</b>	<b>1,039</b>
Deposit Interest Retention Tax <sup>(2)</sup>	437	627	-190	499
PSWT (fees) gross <sup>(3)</sup>	567	560	6.5	542
Dividend Withholding Tax <sup>(4)</sup>	268	240	28.4	234
Income Levy	-	-		0
Universal Social Charge	3,647	4,071	-424	3,930
<b>Income Tax (incl. USC) total</b>	<b>17,133</b>	<b>17,045</b>	<b>88</b>	<b>15,752</b>
Value Added Tax <sup>(5)</sup>	11,158	10,740	418	10,325
Excise <sup>(6)</sup>	5,134	4,933	201	4,986
Corporation Tax	4,617	4,380	237	4,270
Stamp Duties	1,680	1,475	205	1,333
Capital Gains Tax	539	400	139	367
Capital Acquisitions Tax	356	380	-24	279
Customs <sup>(7)</sup>	275	255	20	248
Local Property Tax	493	550	-57	316
<b>Total</b>	<b>41,384</b>	<b>40,158</b>	<b>1,226</b>	<b>37,875</b>

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. Professional Services 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 2014 are composed of €12,709 million of internal VAT and €1,501 million VAT collected on imports, less refunds of €3,052 million.
6. A tobacco levy of €168 million, which is directly paid over by Revenue to the Health Service Executive, is included in the Excise receipts in Table 1 and Table 2, even though it is not included in the end-year Exchequer Returns as tax revenue.
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.

**TABLE 3: LOCAL PROPERTY TAX COLLECTION/COMPLIANCE**

	2014	2013
Properties Returned	1.85 million	1.85 million
Compliance Rate	95%	95%
Collected*	€519 million	€262 million

\*Local Property Tax (LPT) collected represents receipts for the year in question, regardless of when collected. During 2014, payments of €493 million were received (Table 2), this includes €39 million in respect of 2015 LPT and €21 million for 2013 LPT. Collection for 2014 LPT in 2014 was €433 million (including €37 million in 2012 Household Charge). A further €76 million and €10 million were collected for 2014 LPT in 2013 and in early 2015 respectively, a total collection of €519 million for 2014 LPT.

**TABLE 4: LOCAL PROPERTY TAX PAYMENT TYPES FOR 2014**

Payment Type	% of Payments
Credit Card	6.2
Debit Card	15.1
Direct Debit	25.2
Single Debit Authority	26.5
Deduct at Source*	10.9
Service Provider**	6.6
Other Payment	9.5

\*This payment type includes mandatory deduction at source.

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

**TABLE 5: RELEVANT CONTRACTS TAX**

Contracts/Payments Notified to Revenue*	No./Value	% Change 2014 v 2013
No. of Contracts	319,114	21%
Value of Contracts	€28,739 million	25%
No. of Payments	804,165	18%
Value of Payments	€10,135 million	22%

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

**TABLE 6: ELECTRONIC PAYMENTS**

	2014	2013	% Change
No of Payments	1,691,509	1,520,667	11%
Value of Payments	€42,084 million	€38,143 million	10%

**TABLE 7: ELECTRONIC RETURNS 2014 v 2013**

	2014	% Change 2014 v 2013
VAT 3	1,002,237	2%
Employers' Monthly PAYE Returns - Form P30	950,902	4%
Employers' Annual PAYE Returns - Form P35	202,641	2%
Cessation Certificate - Form P45	654,717	15%
Income Tax Self Assessment Returns - Form 11	489,157	4%
Corporation Tax Self Assessment Returns - Form CT1	148,603	4%
Stamp Duty Returns	83,260	24%
Vehicle Registration Tax (VRT) Registrations	122,838	31%
Relevant Contracts Tax – Payment Notifications Processed	804,165	18%
Customs Declarations	1,252,364	7%
Entry Summary Declarations	61,314	9%
Transit Declarations	54,515	8%
Local Property Tax Returns	1,363,170	-0.1%
<b>Total No of all Electronic Returns</b>	<b>7,189,883</b>	<b>6.4%</b>

**TABLE 8: 'PAYE ANYTIME' SERVICES**

	2014	% Change 2014 v 2013
PAYE Anytime Unique Users*	442,765	10.9%
Total number of transactions	646,992	8.6%

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

**TABLE 9: ELECTRONIC REPAYMENTS**

Taxhead	No. of e-Repayments 2014	% Change 2014 v 2013	Value of e- Repayments 2014 €m	% Change 2014 v 2013
VAT	214,548	-4.5%	2,733	5.83%
Corporation Tax	21,643	-10.5%	630	-1.96%
PAYE	331,269	3.9%	241	7.36%
Income Tax (incl. Charities) <sup>1</sup>	18,017	90.3%	87	98.95%
DWT	1,563	-1.1%	75	4.72%
PSWT	3,621	7.2%	36	25.09%
Stamps	1,132	19.5%	22	129.65%
Customs & Excise <sup>2</sup>	10,125	130%	56	65.05%
<b>TOTAL</b>	<b>601,918</b>	<b>2.5%</b>	<b>3,879</b>	<b>6.65%</b>

<sup>1</sup> Includes Charitable Donations Scheme eRepayments (3,015 and €18.5 million).

<sup>2</sup> Includes Diesel Rebate Scheme eRepayments (3,365 and €15.2 million).

**TABLE 10: DIESEL REBATE SCHEME**

Total No. of Customers	Total No. of Claims	No. of Claims Repaid	Value Of Claims	Amount Repaid	Amount Offset*	Amount Still to be Repaid
2,004	7,448	6,078	€27,202,990	€20,077,379	€1,953,873	€5,171,738

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

**TABLE 11: VOLUME OF BUSINESS 2014**

	<b>Volume in 2014</b>	<b>% Change 2014 v 2013</b>
Self Assessment (Income Tax)	639,487	3.5%
Companies	167,783	4.2%
VAT Registrations	246,386	0.3%
<b>Contacts</b>		
Personal Callers	724,449	-8.0%
1890 Telephone Calls	2,292,783*	-6.0%
Visits to the Revenue website (www.revenue.ie)	30,897,912	-0.6%
<b>Items Processed</b>		
Correspondence	2,331,502	16.2%
PAYE Employee Reviews	1,083,104	5.3%
PAYE Returns	63,197	-27.5%
Income Tax Returns	583,723	13%
Income Tax Repayments	178,813	-7.6%
Corporation Tax Returns	150,104	4.0%
Corporation Tax Repayments	20,133	-9.6%
Local Property Tax – Properties Returned	1.85 million	0%
VAT Repayments	221,625	-6.1%
Payments received by Collector-General	8,472,511	48.4%
P35 Returns	216,957	0.1%
VAT3 Returns	1,019,535	1.8%
Capital Gains Tax Returns	56,578	62.9%
Environmental Levy Returns	8,831	1.3%
CG50s (Applications for Clearance Certificates)	5,601	58%
Dividend Withholding Tax (DWT) Returns	6,737	5.5%
DWT - Distributions to Individual Shareholders	547,750	-1.1%
Tax Clearance Certificates issued	186,303	5.1%
Claims repaid to non-residents	12,625	-4.0%
Exemptions granted to charitable/sporting bodies	301	-15.4%
Customs Declarations	1,252,364	6.9%
Entry Summary Declarations	61,314	8.5%
Transit Declarations	54,515	7.9%
Intrastat Declarations	105,632	3.1%
VIIES declarations	55,874	-12.1%
New vehicles registered	118,795	31.3%
Second-hand vehicles registered	70,910	7.3%
Instruments stamped	84,101	24.0%

\*Includes 662,835 calls in respect of Local Property Tax handled by an external service.

**TABLE 12: CUSTOMER SERVICE STANDARDS AND RESULTS**

Service	Standard	Results 2014
Complaints	Processed within 20 working days	81%
Telephone Service	PAYE 1890 calls: 50% within 30 secs 85% within 3 mins 100% within 5 mins	15% within 30 secs 36% within 3 mins 52% within 5 mins
	Other calls answered: 50% within 30 secs 85% within 3 mins 100% within 5 mins	61% within 30 secs 88% within 3 mins 94% within 5 mins
Registrations	PAYE Customers registering for PAYE anytime, passwords will be issued within 5 working days by ordinary post.	69%
	Business customers registering for ROS, passwords will normally be issued within 8 working days by ordinary post.	100%
	Business customers registering for secure email, passwords will normally be issued within 3 working days by ordinary post.	83%
Returns, Declarations Applications	ROS 100% processed within 5 working days	100%
	Non ROS 80% processed within 10 working days	78%
	Non ROS: 100% processed within 20 working days:	87%
	AEP Immediate Response	96.7%
Repayments	ROS 100% within 5 working days	85%
	Non ROS 80% processed Within 10 working days	81%
	Non-ROS 100% processed within 20 working days	93%
Correspondence, e-mail, fax	50% 10 working days 85% 20 working days 100% 30 working days	61% 10 working days 77% 20 working days 85% 30 working days
Applications for Tax Clearance Certificates	100% processed within 5 working days	88%
Application for Non-Resident Tax Clearance Certificates	100% processed within 5 working days	98%
Applications for Standards in Public Office Tax Clearance Certificates	100% processed within 5 working days	99%



**TABLE 13: AVERAGE PERCENTAGE OF TAX COLLECTED WITHIN THE DUE MONTH BY TAXHEAD**

Taxhead	2014
PAYE/PRSI	95%
VAT	91%
Preliminary Income Tax (Non PAYE)	98%
Capital Gains Tax	89%
Corporation Tax	98%
Relevant Contracts Tax	90%

**TABLE 14: RETURN/PAYMENT COMPLIANCE BY CASE SIZE**

Case Size *	Due Month Compliance 2014 Actual	Due Month Compliance + 1 2014 Actual
Large Cases	96%	99%
Medium Cases	90%	97%
All Other Cases	75%	84%

\*Definition of Terms:

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

**TABLE 15: COLLECTION ENFORCEMENT PROGRAMMES**

Enforcement	2014			
	No. of Cases	No. of Referrals	Value of Referrals (€m)	Yield (€m)
Sheriff	22,349	30,927	283.5	148.9
Solicitor	4,348	5,164	144.4	43.4
Attachment	3,368	4,935	161.2	27.2
<b>Total</b>	<b>30,065</b>	<b>41,026</b>	<b>589.1</b>	<b>219.5</b>

**TABLE 16: OVERSIGHT OF CORPORATE AND PERSONAL INSOLVENCY**

	2014	% Change 2014 v 2013
Companies wound-up via Creditor Voluntary Liquidations	997	2.4%
Companies wound-up on foot of a Court Order	83	9.2%
Receiverships	513	-12.6%
Examinerships	38	-19.2%
Declared Bankrupt (individuals)	555	290.8%
Irish Bankruptcies*	*473	730%
Of which Revenue petitioned	8	33%
Creditor Meetings Attended	223	-7.9%
Revenue Petitions to High Court for Appointment of a Liquidator	37	12.1%

\*This figure refers to cases where persons were declared bankrupt in Irish Courts. Notification was also received in relation to 82 cases where the bankruptcy was declared in the UK and Revenue was a creditor.

**TABLE 17: AUDIT AND COMPLIANCE INTERVENTION ACTIVITY**

Type of Intervention	Completed 2014	Yield €m	Completed 2013	Yield €m
Comprehensive (All taxheads) Audits	4,977	228.6	4,787	205.03
Multi Tax/Duty Audits	708	25.7	853	32.14
Single Tax/Duty Audits	1,478	66.8	1,874	51.33
Single Issue/Transaction Audits	473	17.6	523	23.40
<b>Total Audit Intervention</b>	<b>7,636</b>	<b>338.8</b>	<b>8,037</b>	<b>311.90</b>
Risk Management Interventions	191,429	240.5	217,363	186.40
Assurance Checks	196,748	9.5	355,697	19.50
PAYE Compliance Checks	41,368	21.6	45,464	30.50
<b>Total Interventions</b>	<b>437,181</b>	<b>610.4</b>	<b>626,561</b>	<b>548.30</b>

**TABLE 18: RANDOM AUDITS COMPLETED - 2014 v 2013 PROGRAMME**

	2014		2013	
	No. of Cases*	% of Finalised Cases	No. of Cases	% of Finalised Cases
Nil	173	64.07	161	59.63
< €2,000	51	18.89	62	22.96
€2,001 to €5,000	23	8.52	25	9.26
€5,001 to €10,000	11	4.07	17	6.30
€10,001 to €20,000	11	4.07	4	1.48
€20,001 to €50,000	1	0.38	1	0.37
> €50,000	0	0	0	0
<b>Total</b>	<b>270</b>	<b>100</b>	<b>270</b>	<b>100</b>

\* The total Random Audit Programme in 2014 was 400 cases. The balance were ongoing at 31/12/2014.

**TABLE 19: SPECIAL INVESTIGATIONS**

Investigation	Yield in 2014 €m	Cumulative Yield €m	Total Cases
Bogus Non Resident Accounts	-	649.07	12,175
Offshore Assets	9.46	1,009.09	15,312
Trusts and Offshore Structures	14.98	65.17	485
Life Assurance Products	0.07	490.36	5,551
Ansbacher	-	112.77	143
DIRT	-	225.00	25
Moriarty/Mahon	-	43.07	28
NIB	-	60.14	312
Interest Reporting	0.29	89.86	1,257
<b>Total</b>	<b>24.80</b>	<b>2,744.53</b>	<b>35,288</b>

**TABLE 20: SUMMARY OF AUDIT RESULTS FOR CERTAIN SECTORS**

Sector	No. of audits	Yield	Risk Management Interventions (RMI)	Yield
Construction	889	35,310,005	15,682	21,000,241
Retailers	729	19,895,121	8,742	11,615,279
Rental	539	22,396,407	4,995	21,707,124
Wholesalers	469	14,146,598	5,944	10,544,245
Pubs	187	5,239,320	1,877	1,987,322
Restaurants and Fast Food outlets	225	6,177,289	2,431	2,226,849
Doctors	115	9,336,499	454	2,286,502
Accounting, book-keeping and auditing Activities	106	3,692,942	844	2,612,879
Legal Activities	84	2,758,137	639	3,332,414
<b>Total</b>	<b>3,343</b>	<b>118,952,318</b>	<b>41,608</b>	<b>77,312,855</b>

Note: These results are included in overall results on Table 17.

**TABLE 21: DRUGS SEIZURES IN 2014**

Type of Drug	Number of seizures	Quantity (kg)	Value (€m)
Cannabis (Herbal & Resin)	505	672.9kg	13.34
Cocaine & Heroin	72	1,049.2kg	73.45
Amphetamines, Ecstasy & Other	5,581	475.3kg	4.23
<b>Total</b>	<b>6,158</b>	<b>2,197.4kg</b>	<b>91.02</b>

**TABLE 22: EXCISABLE PRODUCTS SEIZED IN 2014**

Product	Number of Seizures	Quantity	Value (€m)
Cigarettes	5,852	53.4m	25.5
Tobacco	1,014	9,824kg	4.2
Alcohol (Beer, Spirits, Wine)	550	40,237 Litres	0.6
Illicit Mineral Oil	32	150,800 Litres	-
Oil Laundries	2	50,340 Litres	-
Other <sup>(1)</sup>	1,044	-	-
Vehicles <sup>(2)</sup>	1,289	-	-

(1) Refers to non-Excisable commodities such as pornography, weapons and food.

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

**TABLE 23: PROSECUTIONS FOR SERIOUS EVASION 2014**

<b>During 2014</b>	<b>Tax</b>	<b>Duty</b>	<b>Total</b>
No. of convictions obtained	16	11	<b>27</b>
No. of cases referred to DPP	19	1	<b>20</b>
No. of cases for which DPP issued directions	26	6	<b>32</b>
<b>Total</b>	<b>61</b>	<b>18</b>	<b>79</b>
<b>At year end</b>			
No. of ongoing investigations	114	1	<b>115</b>
No. of cases being considered by DPP	0	0	<b>0</b>
No. of cases where directions issued by DPP but not yet in Courts process	18	4	<b>22</b>
No. of cases before the Courts	25	15	<b>40</b>
Bench warrants in place	2	0	<b>2</b>
<b>Total</b>	<b>159</b>	<b>20</b>	<b>179</b>

**TABLE 24: SUMMARY CRIMINAL CONVICTIONS 2014**

<b>Summary Cases</b>	<b>No. of Convictions</b>
Cigarette Smuggling	53
Cigarette Selling	49
Alcohol Smuggling	2
Counterfeit Spirits	7
Commercial Oil	4
Marked Mineral Oil	283
VRT	13
Excise Licence	81
Tax Cases	12
<b>Total</b>	<b>504</b>
<b>Total fines imposed</b>	<b>€1,173,620</b>

**TABLE 25: CIVIL PENALTIES & CRIMINAL PROSECUTIONS FOR NOT FILING RETURNS**

<b>Non-Filing Programme</b>	<b>Civil Penalties &amp; Criminal Prosecutions</b>
P35 Penalty Programme	605 cases, penalties raised €2,420,000
VAT Penalty Programme	100 cases, penalties raised €400,000
VAT/P35 Prosecution Programme	55 cases, Court fines imposed €164,250, custodial sentences 3
Intrastat Non-Compliance	€7,925 (comprising €5,395 settlement & €2,530 penalty)
VIES Non-Compliance	0
Income Tax, Corporation Tax and Relevant Contracts Tax Returns	664 cases, value of fines imposed €1,679,575

**TABLE 26: MUTUAL ASSISTANCE REQUESTS**

<b>Mutual Assistance Request</b>	<b>Received 2014</b>	<b>Sent 2014</b>
From/to EU Member States	1,371	511
From/to other countries	61	29
<b>Total</b>	<b>1,432</b>	<b>540</b>
Europol Requests	464	109

**TABLE 27: MUTUAL AGREEMENT PROCEDURES (MAPs)**

	Opening Inventory on 01/01/2014	Initiated during 2014	Completed during 2014	Ending Inventory on 31/12/2014
MAPs under Double Taxation Agreement	26	6	6	26
MAPs under EU Arbitration Convention	7	4	5	6

**TABLE 28: ADVANCE PRICING AGREEMENTS (APAs)**

	Number of APA requests received in 2014	Number of APAs granted in 2014	Total number of APAs in force at start 2014	Total number of APAs in force at end 2014
APAs under Double Taxation Agreement	2	1	10	10

**TABLE 29: FOI REQUESTS**

FOI Requests	2014	2013
Received	205	226
Released in Full	51	68
Released in Part	106	87
Refused	25	41
Dealt with outside of FOI/Withdrawn/Transferred	27	21
Requests for Internal Review	25	22
Appeals to the Information Commissioner	2	12

**TABLE 30: INTERNAL & EXTERNAL REVIEWS IN 2014**

	Internal	External	2014 Total
Requests brought forward	1	3	4
Number Received	4	16	20
Number Finalised	4	16	20
Decision in favour of taxpayer	0	4	4
Decision against taxpayer	4	9	13
Decision Revised/Partly Revised	0	3	3
Withdrawn or agreed prior to being sent to Reviewers	0	0	0

**TABLE 31: COMPLAINTS RELATING TO REVENUE MADE TO THE OMBUDSMAN IN 2014**

Total Received and Subject	Number of Complaints
Income Tax	68
Local Property Tax	35
Delay/no response to Correspondence	15
VRT	10
Customs & Excise	7
VAT/CAT/CGT	3
Stamp Duty	1
Miscellaneous	57
<b>Total</b>	<b>196</b>

**TABLE 32: COMPLAINTS RELATING TO REVENUE COMPLETED BY THE OMBUDSMAN IN 2014**

Total Completed and Outcome	Number of Complaints
Upheld	20
Partially Upheld	1
Not Upheld	26
Assistance Provided	24
Discontinued/Withdrawn	21
Discontinued Premature	119
<b>Total</b>	<b>211</b>

**TABLE 33: 2014 COMPLIANCE WITH PROMPT PAYMENT OF ACCOUNTS ACT**

Payment made	Number	Value €000	% of total payment value
Within 15 days	14,851	121,695	98.44%
Within 16 to 30 days	405	1,868	1.51%
In excess of 30 days	16	61	0.05%
<b>Total</b>	<b>15,272</b>	<b>123,623</b>	<b>100.00%</b>

Additional Information	Number	Value €000
Invoices recorded as disputed in year	5	24
Interest and compensation paid on late payments	16	1
Average days taken to make a payment	7	-

## Appendix 1 - Donation of Heritage Items

Section 1003 of the Taxes Consolidation Act 1997 provides for a credit against tax liability where a taxpayer donates certain heritage items to the national collections. The following items were donated in 2014:

*Willie Doherty - Remains 2013 and Ancient Ground 2011 valued at €160,000.*

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

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

Section 1003A of the Taxes Consolidation Act 1997 provides for a credit against tax liability where a taxpayer donates certain heritage property to the Irish Heritage Trust or the Commissioners of Public Works in Ireland. For determinations made since 27 March 2013, the tax credit available to the donor of heritage property is an amount equal to 50% of the market value of such items, where the market value is established under the terms of section 1003A.

There was no donation under this scheme in 2014.

**Appendix 2 - Statement of Strategy 2015 - 2017**



**Revenue**



Cáin agus Custaim na hÉireann  
Irish Tax and Customs

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

## Foreword by the Revenue Board

Following a number of very challenging years, the Irish economy is on a pathway to recovery which is reflected in increased Exchequer receipts. The Revenue Commissioners, as the Irish tax and customs administration, plays a vital role in our economy by collecting taxes and duties due to the State. These receipts underpin Government's capacity to meet our debt obligations and to fund vital services and facilities for society.

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

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

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

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

Niall Cody  
**Chairman**

Liam Irwin  
**Commissioner**

Gerry Harrahill  
**Commissioner**

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

### Service for Compliance

Make it easier and less costly to voluntarily comply

### Confront Non-Compliance

To identify and effectively confront non-compliance

### Drivers

#### People, Performance and Structures

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

#### Technology and Business Processes

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

#### Data Analytics and Risk Assessment

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

#### Policy and Legislation

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

#### International

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

## Statement of Strategy 2015-2017

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

### Our Culture, Ethos and Values

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

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

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

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

