

# Annual Report

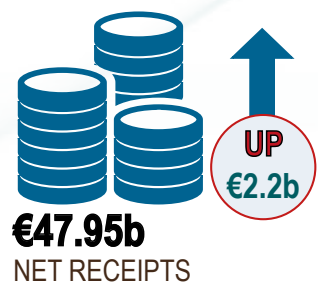
## 2016

**Revenue**

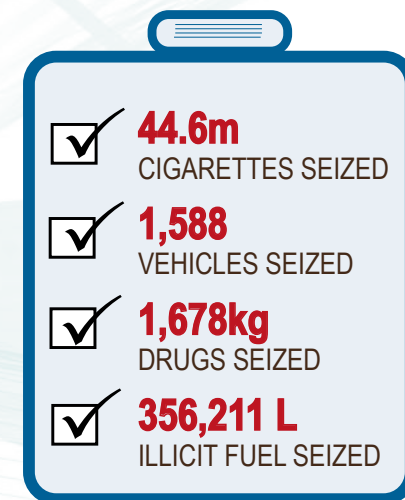
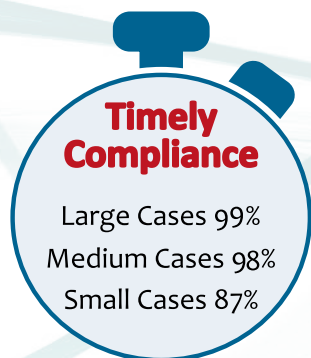
Cáin agus Custaim na hÉireann  
Irish Tax and Customs



# Headline Results



**2nd**  
LOWEST BURDEN OF  
CUSTOMS PROCEDURES IN THE EU



# Our Mission Statement

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Our Mission is

‘To serve the community by fairly

and efficiently collecting taxes

and duties and implementing

Customs controls’

Annual Report 2016

Ninety-Fourth Annual Report of the Revenue Commissioners for the year ended 31 December 2016, 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 2017





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# Revenue's Culture, Ethos & Values

## We:

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





# Board's Review



Niall Cody  
Chairman



Liam Irwin  
Commissioner



Gerry Harrahill  
Commissioner

2016 saw further growth in the Irish economy which is reflected in the Exchequer returns, with most taxes and duties showing significant year-on-year growth.

Domestic sources of growth remain robust. The net tax and duty receipts, when compared to 2015, increased by 4.7% to €47.95 billion in 2016. This is the sixth successive year-on-year increase in Exchequer receipts, and the highest figure for net receipts in the history of the State.

Almost all taxes and duties showed significant increases including; Corporation Tax up 7%; total taxes on Income up 4.5% and VAT up 4.2%.

Looking back on 2016, it was a year of solid and consistent performance for Revenue. We fulfilled our mission by implementing a range of strategies to encourage and support voluntary tax compliance while also confronting non compliance.

There were a number of significant developments which impacted on Revenue during the year:

On Thursday 23 June 2016 the United Kingdom voted to leave the European Union. The impact of this decision from Revenue's perspective centres around Customs procedures, the associated legal framework and the effect the UK decision may have on the movement of goods across our borders. Facilitating change, whilst minimising the administrative burden for business is a matter of vital importance to Ireland. During 2016, Revenue has been exploring the opportunities available to support trade in what is, at present, a changing reality. The nature of Customs controls will, of course, depend

on the outcome of the UK's negotiations with the EU. The UK has two years to negotiate the terms of their exit from the EU after they triggered Article 50 of the Lisbon Treaty on the 29 March 2017. We will continue to work closely with our colleagues in the Department of Finance in order to achieve the best outcomes for Ireland in this regard.

In August 2016 the European Commission issued its decision on its investigation of the tax treatment of Apple Ireland in the context of State aid. Revenue cooperated fully with the European Commission in relation to this matter and provided all relevant information and explanations to the Commission to demonstrate that Revenue collected the full amount of tax due from Apple in accordance with Irish tax law. As a result of the European Commission decision, the Irish Government lodged an annulment submission with the General Court of the European Union in November 2016. While we cannot comment on the specific facts of this case, the Board can confirm that there was no departure from the applicable Irish tax law by Revenue in this matter.

In his Budget Statement of 11 October 2016, the Minister for Finance announced the launch of Revenue's consultation process regarding the modernisation of the Pay As You Earn (PAYE) system.

The objective of PAYE Modernisation is that Revenue, employers and employees will have the most accurate, up to date information relating to pay and tax deductions. This will allow us to carry out automatic reconciliations of employee tax positions at intervals throughout the year. It will also





# Board's Review

allow us to provide employers with more accurate information on the amount of tax to be deducted. One of the key principles of the design of the new PAYE system is that the employer reporting process to Revenue is seamlessly integrated into the payroll process, meaning that the new reporting regime is simply a by-product of the payroll processes operated by employers. Modernising the system will allow employees manage their tax affairs in a more efficient way, while the benefits for employers and Revenue include streamlined business processes and, in time, reduced administration costs.

An active and extensive stakeholder engagement programme is taking place as part of this modernisation. We would like to thank those who responded and recognise the time and effort that went into all the submissions made as part of our public consultation process. We will be actively engaged in moving this project forward in 2017.

As regards service for compliance, we continued to provide enhancements and additional facilities to our online and other services in 2016. Particular successes were the introduction of 'RevPay', which facilitates online payments for non-ROS customers, and 'Jobs and Pensions', which allows customers to register employments (including their first ever employment) and pensions online via ROS or **myaccount**. The 1890 service for Business Tax customers was introduced and we received over 193,000 calls on this service.

Our debt management programmes were improved in 2016 with the introduction of a new data analytics application. This application allows for

better risk analysis, which facilitates earlier and wider intervention by Revenue, resulting in better outcomes for taxpayers and ensuring collection of debt for the Exchequer.

We continued to commit significant resources to tackling non compliance in all its forms. The overall yield from audit and compliance intervention activity in 2016 was €555.6 million. 6,173 audits were completed yielding €247.9 million and the yield from other compliance interventions was €307.7 million. There were 341 tax defaulters published in Iris Oifigiúil in 2016.

Tackling tax evasion is always high on our agenda. The Panama Papers were a reminder that offshore evasion has not gone away and we have been active both nationally and internationally in confronting and challenging such evasion. Changes introduced in the Finance Act 2016 mean that tax defaulters who use offshore facilities to hide income, accounts or other assets will, after April 2017, no longer have the facility to make a voluntary disclosure. In addition, they will face penalties of up to 100% of the tax evaded, publication in the List of Tax Defaulters and potentially, criminal prosecution.

As part of our work with the Joint International Taskforce on Shared Intelligence and Collaboration significant advances have been made particularly in the area of understanding the types of evasion facilitated by intermediaries and new techniques for collating intelligence. We will carefully consider how to make use of all data at our disposal in order to identify tax evasion, including where use is made of offshore structures.



# Board's Review

We work closely with An Garda Síochána and the Naval Service in the fight against drug smuggling. A central part of this ongoing cooperation is to undertake joint investigations with the Drugs and Organised Crime Bureau of An Garda Síochána. This resulted in 80 controlled delivery operations involving Revenue, An Garda Síochána, and/or the Health Products Regulatory Authority in 2016.

We also work in close co-operation with our colleagues from the Department of Social Protection, Workplace Relations Commission and An Garda Síochána in targeting shadow economy activity.

We employ modern technology to develop our data analytics capability and risk assessment systems in order to identify risks posed by those who are not compliant. Given the nature of the self assessment system, particular attention is given to those who fail to file their tax returns on time and we continue to pursue those individuals and businesses that were actively trading in the years for which tax returns are outstanding, engaging a range of sanctions up to and including prosecution.

There have been challenges during the year with the continued loss of experienced staff to retirement. We have addressed this loss of skills by way of recruitment and training. Our investment in training in 2016 provided opportunities for staff to participate in both professional and in-house training programmes. We streamlined our training programmes to deliver training faster and more effectively. 160 newly recruited staff graduated from the Irish Tax Institute with certificates in Income Tax & Payroll Compliance in December 2016 and 85

staff graduated from the University of Limerick with qualifications in Applied Taxation. The commitment of staff to this training is valued by the Board and we extend our congratulations to all those who have received awards.

We would also like to congratulate all staff involved in the Skills Development and Investment in New Recruits project which was awarded a Civil Service Excellence and Innovation Award in the category of 'Skills Development' in 2016. This project was a collaborative achievement with a number of areas of Revenue including Training Branch, Human Resources, and Regional Offices participating in its success. This project will shape the future of technical tax training in Revenue going forward.

Our Statement of Strategy 2017 – 2019 sets out our high level objectives over the next number of years in serving the community by fairly and efficiently collecting taxes and duties and implementing Customs controls.

We will continue to work towards providing less costly and more diverse service channels to business and customers through our Customer Engagement Strategy and our PAYE Modernisation project.

Our new website will be launched in June 2017. It will be more user-friendly and will be accessible from multiple devices including tablets and smartphones. The content will be clear, concise and tailored to our customers needs.



# Board's Review

Tax evasion and avoidance continue to be top of our agenda. In 2017 our focus will be on analysing the information received under International Exchange of Information Agreements. This will identify tax defaulters who have hidden assets offshore. We will use the full extent of the law to enforce compliance in this area from the deadline date of 1 May 2017.

Finally, our achievements to date would not have been possible but for the dedicated and hard working staff of Revenue and we thank them for their commitment and professionalism.



**Niall Cody**  
Chairman



**Liam Irwin**  
Commissioner



**Gerry Harrahill**  
Commissioner





# Main Results

## Collection

- ➔ Net receipts for 2016 were €47.95 billion, up 4.7% on 2015 receipts. See Table 2 on page 90. Collection was 1.2% ahead of target for the year.
- ➔ €10,758 million was collected on behalf of other agencies (of which €9,614 million was PRSI).

## Managing Debt

- ➔ Debt available for collection was €755 million, down €68 million (8%) on 2015. Debt available for collection as a percentage of gross receipts was 1.15%, down from 1.33% in 2015.
- ➔ 10,886 taxpayers or businesses were given phased payment arrangements covering €103 million to enable them overcome significant cash flow problems.

## Supporting Voluntary Compliance

- ➔ Returns/payments compliance rates for business taxes were maintained at very high levels. See Table 12 on page 96.
- ➔ 97% compliance rate for Local Property Tax (LPT) 2016 achieved.
- ➔ 2,023,851 payments (up 8 % on 2015) were made via ROS with a value of €50.62 billion (up 7% on 2015). The number of electronic returns increased by 6% to 5.6 million. See Table 7 on page 93.
- ➔ Automatic Entry Processing (AEP) system processed 1,396,968 Customs declarations, up 7% on 2015. 99% of these were cleared

immediately.

- ➔ A range of new electronic services and systems were introduced for personal and business tax customers including “Jobs & Pensions”, “E-Tax Clearance” and “RevPay”. See pages 22 & 23.
- ➔ RevApp was launched in October 2016 and downloaded over 15,000 times by the end of the year.
- ➔ At the end of 2016, 1,378,983 unique customers were registered for **myaccount**.
- ➔ 784,173 electronic repayments made to customers with a value of €5.35 billion. See Table 7 on page 93.
- ➔ 1.63 million items of correspondence processed and 2.48 million 1890 phone calls answered. See Table 9 on page 94.

## Confronting Non compliance

- ➔ Total yield from audit and compliance intervention activity was €555.6 million. This includes yield from 6,173 audits, which came to €247.9 million and €307.7 million from 531,031 non audit interventions. See Table 16 on page 99.
- ➔ Yield from investigations into offshore assets was €7.7 million in 2016. See Table 18 on page 100.
- ➔ 40 tax avoidance cases were settled resulting in a yield of €10 million, (including interest and penalties).

# Main Results

- ➔ 341 settlements were published in Iris Oifigiúil in 2016. The settlements involved totalled €65.94 million. See Tables 20 & 21 on page 101.

## Seizures

- ➔ 5,997 drug seizures made– see Table 22 on page 102.
- ➔ 356,211 litres of illicit fuel seized – see Table 23 on page 102.
- ➔ 44.6 million cigarettes and 1,527 kg of tobacco, valued at €23.5 million and €0.74 million respectively, seized – see Table 23 on page 102.
- ➔ 73 seizures of cash amounting to €0.98 million.
- ➔ Cash forfeiture orders amounting to €507,775 granted by the Circuit Court in 16 cases.
- ➔ 2,178 detentions of counterfeit goods, involving 71,044 items with an estimated value of €7.8 million.
- ➔ 1,588 vehicles seized for a range of offences.

## Prosecutions/Penalties

- ➔ 17 criminal convictions obtained for serious tax and duty evasion - see Table 24 on page 103.
- ➔ 1,006 convictions and fines amounting to €2.5 million secured in respect of a range of summary offences - see Table 25 on page 104.
- ➔ 702 convictions secured and fines amounting to €2.8 million imposed as part of our non-filing programme. See Table 26 on page 105.

## Playing Our Part Internationally

- ➔ 72 Double Taxation Agreements and 26 Tax Information Exchange Agreements in place by the end of 2016.
- ➔ 1,550 requests for mutual assistance received from other jurisdictions and 698 requests issued by Revenue to other jurisdictions. See Table 26 on page 105.
- ➔ Mutual Agreement Procedure (MAP) and Advance Pricing Agreement (APA) engagement with Competent Authorities of other jurisdictions to eliminate double taxation continued in 2016. See Tables 27 & 28 on page 105.

## 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 5th easiest in the world) ([PWC/World Bank Paying Taxes Report – 2016](#)).
- ➔ In respect of Customs, the [World Economic Forum Global Competitiveness Index for 2016](#), ranked Ireland as having the 2nd lowest “Burden of Customs procedures” in the EU and the 6th lowest in the world.



# Revenue's Management Advisory Committee (MAC)



Revenue's Management Advisory Committee (MAC), consisting of the Board and all Heads of Division (at Assistant Secretary level),

*Back row, l-r:* Tony Buckley, Declan Rigney, Joe Howley, Paul Dempsey, Philip Brennan, Michael Gladney, John Barron, Eugene Creighton, Marie-Claire Maney.

*Front row, l-r:* Gerard Moran, Eamonn O'Dea, Breda Ruddell, Gerry Harrahill, Niall Cody, Liam Irwin, Brian Boyle, Charlie Phelan, Gerry Howard.



# Organisational Chart



# Strategy 1: Service for Compliance

Our objective under this strategy is to make it easier and less costly for our customers to comply voluntarily. We continue to focus on making it possible for our customers to self manage their interactions with us at the time of their choosing in the most effective way possible. We also invest heavily in our customer service training programme. All newly recruited Clerical Officers who are assigned to a customer service function receive intensive training. The training given is accredited by the Irish Tax Institute. In December 2016 our investment in training new recruits was recognised with a Civil Service Excellence and Innovation Award in the category of 'Skills Development'. More information on this can be found in Feature Article 6, on Page 51.

We developed and launched a range of additional online services to reduce the compliance burden on customers and speed up the service we provide. New customer service standards were introduced from 1 January 2016 to reflect our commitment to the provision of the best possible level of service to those who self manage their interactions with us.

For the first time, we issued a survey to 4,000 small-medium sized tax agents. 95% of respondents to the survey stated that they are satisfied with the service Revenue provides. A full report on this survey can be found on our website [here](#).

## Tax Collection & Debt Management

Our core business is to assess, collect and manage the taxes and duties due to the Exchequer. Table 1 and Table 2 on Pages 89 & 90 show Gross and Net Receipts respectively. Collection in 2016 was €47.95

billion; an increase of 4.7% on 2015.

We maintained the high levels of timely compliance achieved in recent years. Table 12 on Page 96 shows due month and next month compliance rates for small, medium and large cases. 97% compliance was achieved in Local Property Tax collection. Tables 3 & 4 on page 91 refer to LPT collection and methods of payment.

When customers refuse to engage with us in a meaningful way in respect of unpaid tax we enforce collection. In 2016, we collected €210.3 million through enforcement. The results of our collection enforcement programmes are shown in Table 13 on page 97.

At the end of the year, total debt was €1,944 million; an increase of €132 million on 2015. Debt available for collection decreased by 8% (€68 million) to €755 million. The value of debt written off as uncollectible was €211.2 million.

Throughout the year, we continued to assist viable businesses and customers with temporary cash flow difficulties to meet their tax payment obligations. We agreed 10,886 phased payment arrangements covering €103 million of debt, which was an increase of 28% over 2015. For the most part, the increase came from a focus on smaller cases with unpaid tax. See Feature Article 1 on page 27 for more information. We will continue to support customers towards resolving payment problems.

The Personal Insolvency Act 2012 introduced three non-judicial arrangements to help insolvent individuals get their affairs in order. During 2016,



# Strategy 1: Service for Compliance

we received 374 requests to participate in personal insolvency arrangements. This is up 68% on 2015. We agreed to participate in 208 of these arrangements, declined to participate in 148 arrangements because of insufficient or conflicting information being provided and 18 proposed arrangements were withdrawn by customers or their representatives.

## Customer Service Standards

Our Customer Service Standards were updated in January 2016 to include new standards for online services. The Customer Service Standards for other services were unchanged.

Our standards reflect the fact that online and self-service channels are quicker, easier and a more convenient way for customers to do business with us. Table 10 on page 95 outlines the standards achieved during 2016.

Our standards are available on our website [here](#).

## Service Delivery

During 2016, we continued to implement our three-year Customer Engagement Strategy, which began in 2015. The strategy takes into account the changes in customer interactions that are possible using today's technologies and the associated changes in customer preferences. It also outlines a range of initiatives for further improvements to customer service, with an emphasis on supporting voluntary compliance, improving efficiency and enhancing the customer experience. We will continue to provide a high quality, efficient, value for money service. Our

Customer Engagement Strategy sets out our vision of how we will achieve this.

In 2016,

- ➔ As part of our Outreach Programme we visited large and medium sized enterprises to promote our online services, and to provide advice on record keeping and filling out tax returns. We provided advice to citizens at national events including the National Economic Dialogue, the National Women's Enterprise Day and the Ploughing Championships. In total 434 such visits were made in 2016.



*Above; Revenue Stand at the National Ploughing Championships 2016*

- ➔ We enhanced and extended our online services



# Strategy 1: Service for Compliance

(more detail below) to make it easier for customers to comply with their obligations and claim their entitlements. We also enhanced our supports for individuals who are unable to use, or who need assistance to use, our online services.

- ➔ We made significant improvements to our telephone service (more detail below) by increasing the number of agents available to take calls and by introducing specific lo-call telephone numbers for business customers and their agents. Our survey of agents conducted in 2016 records that over half of respondents experienced an improvement in Revenue service over the past year, with the helpfulness of staff being cited as a key factor. The Civil Service Business Customer survey 2016 also shows similar results. The results of this survey are available [here](#).
- ➔ We continued to roll out an appointments service in a number of our public offices. At the end of 2016, this service was available in: Tallaght, Monaghan, Navan, Tralee, Athlone, Letterkenny, Sligo, Castlebar, Dundalk and Galway.
- ➔ Customer Panels assisted us in the development of new online services, including RevApp, Jobs and Pensions Service and the new PAYE Service, “Manage Your Tax 2017” which was introduced in early 2017. Customer Panels also provided valuable assistance in the redesign of the Revenue website.

## Improvements to our Online Services

A key priority in our Customer Engagement Strategy is to expand and enhance online and self service

facilities for our customers. We launched a number of new online services as well as improvements to existing ones. These are outlined below.

In March and November 2016, we ran nationwide outdoor advertising campaigns to raise awareness of, and promote enhancements to, our online services. Promotional posters were displayed on buses, DARTs, trains and at bus stops and train stations nationwide, and these were supplemented by local radio advertising, and digital advertising.

Our survey of agents conducted in 2016 asked respondents about their view of the underlying reasons for reporting an improved service from Revenue and the results confirm that our new online systems and improvements to existing online systems are well received.

*Below; **myaccount** Promotional Campaign*



# Strategy 1: Service for Compliance

## Revenue Online Service

Revenue Online Service (ROS) is an internet facility which provides business customers with a quick and secure facility to file tax returns, pay tax and access their tax details, 24 hours a day, 7 days a week, 365 days a year.

During the year, we extended ROS functionality to include the facility to pay a broader range of taxes and to pay interest and penalties online. Customers can now make payments via ROS on foot of a Notice of Attachment and can file Natural Gas Carbon Tax (NGCT) and Solid Fuel Carbon Tax (SFCT) returns online.

**As a result of extending online payments, an additional 55,215 online transactions were processed with a total value of €95 million.**



## myaccount

Throughout 2016 we improved and added to the range of services available via **myaccount**. **myaccount** is our secure portal which provides a single access point for PAYE customers to interact with us online. Amongst the services available via **myaccount** are PAYE Services, E-Tax Clearance and MyEnquiries. 1.4 million customers are currently registered as users of **myaccount**. Table 6, page 92 contains a breakdown of **myaccount** usage in 2016.

Key Developments to **myaccount** in 2016 included:

### RevPay

In June we launched a new secure online payments facility, “RevPay”, which can be accessed via **myaccount**. By using **myaccount**, non-ROS customers can now make online payments for a wide range of taxes. The new service, which operates on a 24 hour basis in the same manner as ROS, facilitates making a single payment against a number of different taxes. It also allows customers to view any previous payments made through a ‘payments history screen’. Payments can be made using a number of different options including debit card, credit card and ‘Single Debit Instruction’ (electronic cheque).



# Strategy 1: Service for Compliance

## Jobs and Pensions

“Jobs and Pensions” is a new online service which allows employees and private pension recipients to register their new job (or private pension) with us. It also allows customers to register their first ever job and replaces the paper Form 12A. This service is also available in ROS. In developing this service, we were assisted by our customer panels which included a number of transition year students. This collaborative approach put the customer at the forefront of the design, ensuring that the wording and overall design of the system is straightforward and easy to use. Between the launch of this service in September and the end of the year almost 45,000 jobs and pensions were registered online.

## MyEnquiries

MyEnquiries is a structured online contact service which can be accessed via [myaccount](#) (for PAYE customers) or ROS (for non PAYE customers). MyEnquiries replaced our secure email system and allows our customers to safely send and receive correspondence.

MyEnquiries continues to be enhanced, and the following changes were made in 2016:

- ➔ Tooltips were added to provide information about categories selected by the customer when submitting an enquiry.
- ➔ An archive for customers to save their enquiries was added.
- ➔ The system was updated to work across all

devices including desktop computers, tablets and mobile phones.

**During the year, approximately 376,000 individual enquiries were received from customers who availed of this service.**

## RevApp

RevApp was launched in October and is available for download on smart devices including mobile phones and tablets from the major app stores (Android, IOS and Windows). Over 15,000 customers downloaded the app which provides quick and easy mobile access to a range of online services. The services available within RevApp include [myaccount](#), ROS, MyEnquiries and a new online service called ‘Receipts Tracker’.

The ‘Receipts Tracker’ functionality helps customers manage their receipts by allowing them store images of their receipts that can be subsequently used to claim tax reliefs or credits. This includes receipts for health expenses, expenses that can be claimed against rental or trading income, tuition fees, pension contributions and more. The ‘Receipts Tracker’ can also be used to store documents other than receipts that are needed to support the customer’s tax affairs.

The expenses stored on the ‘Receipts Tracker’ will be integrated into the customer’s annual tax return which will reduce the compliance burden and make it easier to claim entitlements. The ‘Receipts Tracker’ service can also be accessed through [myaccount](#) and ROS.

# Strategy 1: Service for Compliance

## Electronic Tax Clearance

Electronic Tax Clearance (eTC ) was launched in December 2015 as an online tax clearance process. The system is based on real time up to date tax return and payment information. Its introduction has improved our Customer Service standards from 88% of applications being processed within 5 working days to 97% (with 94% of applications processed automatically and instantaneously) in 2016. 200,000 Revenue customers and their agents, 500 Public Service Bodies, and other third parties who are required to validate clearance used the online service throughout the year. This online system has facilitated the redeployment of staff, previously engaged in manual tax clearance work, to other parts of the organisation.

## Pre-populated Tax Returns

We continue to make more information available to customers by pre-populating appropriate parts of their tax returns. This simplifies the completion and submission of a tax return, reducing the cost of compliance.

In 2016, we expanded our pre-population programme to include details of payments from the Department of Agriculture, Food and the Marine and payments made by principal contractors to sub-contractors on tax returns in the 2015 Form 11 and CT1 online ROS forms.

## Contacting Revenue by Telephone

We continue to improve our telephone services both to assist those who cannot access online facilities

and those who need assistance in using those facilities.

Our telephone services, in the main, have standardised opening hours from 09.30 to 16.00 each working day, with some services opened for longer. We also provided extended opening hours on our ROS Helpdesk in the run up to the Income Tax peak pay and file period.

Our customer service staff are trained to assist customers claim their entitlements and comply with their tax and duty obligations. We strive to answer 50% of calls within 30 seconds, 85% of calls within 3 minutes and 100% within 5 minutes.

In 2016 we received over 2.7 million telephone calls. Our PAYE telephone service answered over half of these calls; 59% of these within 30 seconds, 91% within 3 minutes and 98% within 5 minutes. This represents a 23% increase in our performance over 2015, notwithstanding an 8% increase in the number of calls. Call waiting times have reduced from over 5 minutes in 2014, to less than a minute in 2016.

In 2016, we finalised the roll out of an 1890 service for Business Taxes to enable us to better manage these contacts. Between July and December, we received over 193,000 calls on this service and we answered 95% of these calls. 59% were answered within 30 seconds, 78% within 3 minutes and 89% within 5 minutes.

Call recording of our 1890 services and real time call queuing technology allow us to adjust and make improvements where necessary.



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We are conscious that some service providers do not offer low tariffs for customers calling 1890 services from mobile phones. The 1890 service is currently the only service that can effectively manage the scale of Revenue's telephone operations. We will explore other alternatives as emerging technologies allow as we are committed to ensuring that the cost of voluntary compliance with tax obligations is minimal.

Our contact numbers can be found on our website via the "Contact Details" Page [here](#).

## Services Through Irish

In November 2016, responsibility for the co-ordination of Irish language services in Revenue transferred from Revenue's Planning Division to a newly established Unit in our Galway office.

The Unit - Rannóg na Gaeilge - has national responsibility for managing compliance with the relevant provisions of the Official Languages Act 2003.

Revenue is committed to increasing the range of Irish language services for our customers, and submitted our draft Third Irish Language Scheme to the Minister for Arts, Heritage, Regional, Rural and Gaeltacht Affairs in 2016. Revenue participated in the annual Oireachtas na Samhna in Killarney to publicise the range of Irish services we offer. We currently have 28 staff with Irish language skills who contribute to our national 1890 telephone services, across a number of locations.

## Raising Awareness of Entitlements

In October, Revenue wrote to over 137,000 PAYE customers to advise them of the range of tax credits and reliefs available, and to remind them of the four-year time limit in which to claim such entitlements.

Customers were selected for this letter based on analysis of their past behaviour – in particular, we focussed on individuals with a history of paying tax between 2012 and 2015 without claiming reliefs or credits. Since the letters were sent, almost 11,000 customers (8% of the total mailed) have claimed a relief, exemption, or credit. A total of just under €23m was paid back to customers on foot of these claims. Almost 2,000 customers (1.4% of the total mailed) reported additional income to a total value of €1.1 million.

## Accessibility to Services

We are committed to ensuring that all customers can interact with Revenue. Our Accessibility Statement is available on our website [here](#). There are currently 3 Access Officers in Revenue; their contact details are available on our website [here](#). As Access Officers, they are responsible for providing or arranging for, and coordinating assistance and guidance, to persons with disabilities accessing services. In 2016 our Access Officers received 110 email enquiries from, or on behalf of customers with disabilities.

Revenue Public and Information Offices are maintained to a high standard in association with the OPW. All our offices are wheelchair accessible and loop counter facilities are also provided at a number of offices for our customers who are deaf or have a

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hearing impairment. A telephone support service is available to our visually impaired customers via our 1890 system.

We are actively working to increase the accessibility and usability of our website in order to provide online services and information to the widest audience possible.

## Revenue Opinions

In certain limited circumstances, Revenue provides opinions on the application of tax law to specific transactions or situations. In providing such opinions, Revenue's role is to interpret and apply the tax law correctly and consistently to assist customers in understanding and complying with their obligations under the law. An opinion will only be provided by Revenue where the issues are complex, information is not readily available, or there is genuine uncertainty in relation to the applicable tax rules as set down in the legislation.

Revenue practice and procedures for providing opinions are set out in the following published guidelines that are available on the Revenue website:

Guidelines that apply in relation to opinions sought by taxpayers whose affairs are dealt with by Revenue's Large Cases Division are set out in Tax and Duty Manual Part 37-00-40 available [here](#).

Guidelines that apply in relation to opinions sought by taxpayers whose affairs are dealt with in any one of Revenue's four Regions are set out in Revenue's Service to Practitioners and Business Taxpayers

including RTS Guidelines available [here](#).

Table 15, page 98 gives the number of opinions that Revenue provided to companies and other entities in respect of taxes other than VAT, Customs Duties and Excise Duties in 2016. This includes corporate tax opinions, as well as opinions provided to companies and other entities in respect of Stamp Duty and withholding taxes.





## Feature Article 1: Analytics for Debt Management

In early 2016 Revenue introduced a new data analysis system in support of its core debt management operation. The system facilitates more sophisticated compliance tracking and case base segmentation, which in turn supports quicker intervention in cases that are not timely compliant.

The system provides caseworkers with 'real time' information on cases that are not meeting their tax payment and returns filing obligations or that are 'trending' towards non compliance over time. The continuous availability of the most up to date information in respect of each case facilitates better risk analysis and wider intervention coverage of the case-base, including the lower value cases that would not have previously received the same level of scrutiny. The system also facilitates better insight into existing or emerging risks to timely compliance and earlier deployment of debt management resources to the areas of greatest risk.

The parallel caseworking intervention strategy prioritises early engagement with the taxpayer and where possible, agreeing a mutually acceptable payment solution in preference to deploying debt collection/enforcement sanctions. The success of this approach is clearly evidenced by the fact that Revenue agreed over 10,800 phased payment arrangements covering €103 million of debt in 2016, which was an increase of 28% in numbers and 6% in value over 2015. In circumstances where a phased payment solution can not be agreed or where there is poor or non-engagement by the taxpayer the debt is referred to the Sheriffs or external Solicitors for collection or the debt may be subject to an attachment order. This approach yielded an additional €210.3 million for the Exchequer.



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Revenue's mission is to serve the community by collecting taxes and duties fairly and efficiently. To do this we seek to maximise a culture of voluntary compliance amongst taxpayers, by making it as easy as possible for people to file their tax and duty returns and make the appropriate payments. We also commit significant resources to tackling non compliance in all its forms and, increasingly, we employ modern technology to develop our data analytics capability and risk assessment systems in order to identify risks posed by those who are not compliant.

We encourage taxpayers to keep their tax affairs under review and to let us know if, despite their efforts to be compliant, there are errors or omissions in their tax returns. If a taxpayer discovers an error or omission in their returns, there are significant benefits if they approach us before we undertake a compliance intervention. By sending us a 'Qualifying Disclosure', taxpayers can avail of reduced penalties, avoid having their name published in the List of Tax Defaulters and avoid possible prosecution.

We carry out a variety of compliance interventions in cases where there are indications that the taxpayer is not, or may not be, compliant. These compliance intervention types range in scale from Aspect Queries and Profile Interviews which we use in cases that may appear to be of a relatively straightforward nature, or where we seek to clarify a technical issue, through to a Revenue Audit of the books and records of the taxpayer or a Revenue Investigation where more critical or large scale risks are apparent. Where there is serious tax and duty evasion, we refer cases to the Director of Public Prosecutions for

criminal prosecution.

Visiting taxpayers at their business premises is a feature of our compliance management programme, whether through real time tax compliance visits or our "streetscape" operations which focus on specific streets or locations in towns/cities, or other areas of commercial activity such as industrial estates.

Given the nature of the self assessment system, we pay particular attention to those who fail to file their tax returns on time. We pursue non-filers who were actively trading in the years for which tax returns are outstanding, applying a range of sanctions up to and including prosecution.

Full details of Revenue's approach to tax and compliance, including the opportunity for taxpayers to make corrections, the relevant penalties for non compliance and information on how our compliance interventions operate are outlined in our [Code of Practice for Revenue Audit and Other Compliance Interventions](#).

### Risk Assessment & Taxpayer Segmentation

A critical part of actively managing the compliance function is to ensure that we match our resources to those segments or sectors of the economy where the tax compliance risks are greatest. For example, our Large Cases Division is charged with managing the tax affairs of the largest corporate taxpayers and high net worth individuals. During 2016, we further segmented our taxpayer register and we now have 7, "2nd Tier Districts" that operate in our 4 operational regions. These Districts will concentrate on a stratum of customers who have complex tax affairs which fall outside the scope of our Large



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Cases Division.

We continue to analyse the taxpayer register in order to fully understand the nature of the various segments and optimise how we manage any associated tax risk.

### Results from Compliance Activities in 2016

The overall yield from audit and compliance intervention activity in 2016 was €555.6 million. 6,173 audits were completed in 2016 yielding €247.9 million. The yield from non-audit compliance interventions was 307.7 million. Table 16, page 99 refers.

As part of our overall compliance programme, we conducted a significant number of compliance interventions into, and committed significant resources to, certain sectors where cash transactions are the norm and to a number of specific professions. These interventions followed initial appraisal and profiling of cases that were highlighted by our risk scoring systems which include REAP – Risk, Evaluation Analysis and Profiling system – and CRE – the Case Recommendation Engine. Table 19 on page 100 outlines results from this approach, which yielded €210m in 2016.

### Publications

Section 1086 of the Taxes Consolidation Act 1997 imposes an obligation on Revenue to publish a quarterly List of Tax Defaulters where certain conditions are met. The list is published in Iris Oifigiúil and on our website [here](#).

Publication is a very important component of the overall deterrence of tax and duty non compliance in a self assessment based system.

There were 341 taxpayers published in 2016. Tax settlements amounting to €63.48 million were agreed with 315 taxpayers in these cases and penalties amounting to €2.46 million for 26 taxpayers were determined by the courts. Tables 20 and 21 on page 101 contain details of publications in 2016 including a breakdown by quarter and the most common sectors published.

## Targeted Compliance Activities

### Shadow Economy

Revenue staff take specific action to combat shadow economy activity. Such actions are targeted at those who are carrying on business activity, but are not registered for tax and duties, those who make incorrect tax returns and/or those who are employing staff but failing to register their employment with Revenue or failing to operate payroll taxes and social contributions. We use a range of data and intelligence in order to identify traders in the shadow economy. Many operations are carried out by our Joint Investigation Units on a multi-agency basis with colleagues from the Department of Social Protection (DSP), Workplace Relations Commission (WRC) and the Gardaí.

During 2016, we carried out significant compliance activity such as checks at seasonal fairs, sports and music events, markets, road checkpoints and construction sites.



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### E-Commerce Risks

During 2016, Revenue continued to monitor activity in the growing e-commerce sector in order to ensure that emerging risks are quickly identified and tackled. We sought and secured returns of information from internet intermediaries (including peer-to-peer services) that facilitate trading through an online marketplace. These returns will be reviewed and may be used as a basis for a specific Revenue intervention programme in 2017.

In addition, almost 400 online traders were reviewed as part of Revenue's overall programme of compliance reviews during the year. The purpose of this initiative was to deepen Revenue's understanding of online business models and of the associated tax risks. The results have informed Revenue's ongoing assessment of risks associated with the e-commerce sector.

### Taxpayer Behaviour-driven Interventions

During 2016, we undertook a programme of visits to persons and businesses where their behaviour indicated that they may not be fully compliant with their tax obligations. For example, failure to file employer or VAT returns was a trigger for intervention under this programme. These types of visits are conducted as Profile Interviews in accordance with the "Code of Practice for Revenue Audit and Other Compliance Interventions". Cases are selected for intervention based on real time information from our data and intelligence systems so that, where non compliance is detected, it is tackled as soon after the event as possible. These types of visits will typically include:

- ➔ An examination of relevant records,
- ➔ The collection of outstanding tax returns/ payments if applicable,
- ➔ Recommendations for areas of improvement.

Where appropriate, a further visit is made to ensure any recommendations have been considered and implemented.

This programme of visits supports the development of a compliance culture for taxpayers who have displayed poor compliance behaviour and is aimed at improving accuracy and timely filing of returns and thereby reducing risks of tax loss to the exchequer.

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**Over 1,000 interventions of this kind were undertaken in 2016. We intend to maintain and increase this type of activity during 2017.**

### Construction Sector

Our national programme to monitor risks and compliance levels in the construction sector continued throughout 2016 and will remain a priority in 2017.

Particular areas of focus in 2016 were:

- ➔ Checking the accuracy of tax returns, including the treatment of allowances and expenses;
- ➔ Ensuring the correct operation of the eRCT system;



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- ➔ Ensuring the correct operation of the VAT reverse-charge mechanism.

During 2016, we promoted our activity and services at the National Construction Summit held in the RDS. This event was attended by regulatory bodies, construction companies, government bodies, banks, private investment firms, architectural and design firms, technology companies, legal and tax professionals, equipment and machinery providers and service providers. We also worked with a number of key construction sector stakeholders including:

- ➔ The Construction Industry Federation (CIF), to inform them of our national compliance programme;
- ➔ School Boards of Management who are responsible for taxation issues relating to construction works carried out in schools. As a result of engaging with this group a revised guidance note was published on our website and is available [here](#);
- ➔ Tax practitioners and accountants.

We work in close co-operation with the Special Investigations Unit of the Department of Social Protection (DSP) and the Workplace Relations Commission (WRC) to investigate non compliance. This type of work is carried out by staff in our Joint Investigation Units (JIU).

JIUs have been particularly active in the construction sector, participating in 2,126 construction site visits in 2016. The JIU visits are generally un-announced

but efforts are made to ensure that disruption to construction activity is minimal. They serve to support compliance by affording Revenue and other agencies an opportunity to engage with contractors, sub-contractors and employees present on a site to ensure that they are aware of their obligations and to detect, disrupt and deter non compliance. This is achieved by interviewing those persons present on a site. 11,699 such interviews were conducted during the year.

In 2016 special emphasis was placed on challenging inappropriate classification of workers as self employed contractors. Principal contractors engaging a large number of individual sub-contractors, and with several layers of sub-contractors below them, were selected for examination. This activity resulted in 848 individuals registering as PAYE employees, and the reclassification of 345 sub-contractors as employees. In cooperation with our colleagues in DSP and the WRC, we will continue to pursue employers engaged in misclassification of employees to ensure that they do not enjoy a commercial advantage over compliant employers who provide their staff with appropriate employment terms and conditions.

### e-Interventions

The use of e-audit techniques is now a common feature of our compliance intervention work. Such techniques enable us to review large volumes of taxpayer records in a relatively short timeframe. This enhances our ability to detect discrepancies in taxpayer records and identify non compliance, for example due to under-declaration of sales.

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During the year we continued to expand and develop the use of e-audit techniques throughout Revenue. This included training all auditors in the use of data analysis software to detect tax evasion. 44% of audits carried out by our Large Cases Division (LCD), yielding €11.8m in tax interest and penalties, were e-audits. 13% of audits carried out in our other 4 Regions, were e-audits and yielded €49 million. Revenue also introduced a policy of using e-audit techniques in conducting non-audit interventions such as Aspect Queries and Profile Interviews.

The Revenue File Transfer System (RFTS) was introduced in 2016 and its use is now widespread throughout the organisation. This is a secure, encrypted system which enables the transfer of large data files between Revenue case workers and taxpayers. A Centre of Excellence for e-audit (COE) is located in LCD. The COE undertakes research and development and provides advanced training and assistance to auditors in complex interventions.

### Challenging Tax Avoidance

In the course of 2016 Revenue settled 40 tax avoidance cases with a yield of €10 million (including interest and penalties).

Of these 40 cases:

- ➔ 3 related to cases challenged under the General Anti-Avoidance Rule (known as the “GAAR”) which resulted in settlements totalling nearly €4 million;

- ➔ 21 related to Targeted Anti-Avoidance Rules (known as “TAARs”) with settlements amounting to nearly €2.5 million, and
- ➔ 16 cases involved tax avoidance that was challenged under other tax legislation with these cases yielding nearly €3.5 million.

At the end of 2016, the following avoidance cases were being actively managed by the Anti-Avoidance Team in our Large Cases Division:

- ➔ 109 cases under the GAAR legislation involving in excess of €135.5 million in potential tax (the reduction in the number of cases being challenged under the GAAR from 452 cases at the end of 2015 is primarily due to the outcome of the Droog Supreme Court case referred to below),
- ➔ 11 cases where Revenue is seeking to apply the EU law principle of “Abuse of Rights” involving a potential €33 million in VAT, and
- ➔ 253 cases where Revenue is tackling avoidance using the normal tax code and where assessments were made or amended covering potential tax in excess of €127.5 million.

463 tax avoidance cases are also being worked in other areas of Revenue where LCD is providing technical assistance and advice on how best to tackle the cases.

Throughout 2016, Revenue continued to place a significant focus on progressing existing appeals and other litigation with 3 significant Supreme Court judgements in the broad area of tax avoidance. These cases are detailed below.



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### **Ronan McNamee v. the Revenue Commissioners: Judicial review of Revenue's processes to invoke Section 811 (Transactions to Avoid Liability to Tax) of the Taxes Consolidation Act 1997 [TCA]**

In June 2016, a significant judgment was delivered by the Supreme Court in the case of Ronan McNamee v. Revenue Commissioners. This case involved a judicial review of the process Revenue deployed in challenging transactions under the general anti-avoidance legislation contained in Section 811 of the TCA 1997.

A Notice of Opinion under Section 811 TCA 1997 had issued to Mr. McNamee seeking to withdraw the tax advantage claimed by him in relation to certain financial transactions. The Applicant had sought an order quashing Revenue's Notice of Opinion. The High Court, in a decision on 27th November 2012 found that the Applicant was not entitled to any of the reliefs sought by the Judicial Review. The Applicant appealed to the Supreme Court against the decision of the High Court.

In a unanimous decision the Supreme Court upheld the process under which the Notice of Opinion had been prepared and issued by Revenue and dismissed the Applicant's appeal.

### **Supreme Court judgment in the case of the Hans Droog v. the Revenue Commissioners**

On the 6 October 2016, the Supreme Court delivered another important tax related judgement in the case of Hans Droog v. the Revenue Commissioners.

The case concerned an income tax return filed for the tax year 1996/1997. In his return for that year,

which was filed under the self assessment system, Mr Droog claimed and obtained relief for a loss of IR£50,046 in respect of his share of the losses of a Film Partnership. In February 2007, Mr Droog received a Notice of Opinion from Revenue to the effect that the relief was to be disallowed on the basis that the transaction was a tax avoidance transaction.

Mr Droog appealed this Notice on a range of grounds including that the formation of the Notice of Opinion was out of time by reason of various time limits set out in the legislation relating to self assessment. Revenue's contention was, broadly, that the time limits relied on by Mr. Droog did not apply to the formation of an opinion under the GAAR in Section 811 of the Taxes Consolidation Act 1997.

Mr. Droog was successful in his arguments before the Appeal Commissioners in 2009 and, again, before the High Court in 2011. Revenue appealed to the Supreme Court. The Supreme Court delivered its judgment in October 2016 and unanimously upheld the decisions of both the Appeal Commissioners and the High Court in favour of Mr. Droog.

### **Referral by the Supreme Court of an Irish tax case to the Court of Justice of the European Union (CJEU) on the question of the applicability of the EU General Principle of Prohibition of Abuse of Law**

In April 2016 the Supreme Court referred to the Court of Justice of the European Union (CJEU) an Irish tax case concerning possible VAT avoidance.

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The case concerned the development and onward sale of new holiday cottages without the charge to VAT. The developer interposed a series of transactions with a related entity before the ultimate sale of the new holiday cottages to third parties. The apparent purpose of the interposed series of transactions was to gain a tax advantage by avoiding VAT on the sale to the third party purchasers, while only suffering a small amount of VAT on the initial leasehold.

The key questions referred by the Supreme Court to the CJEU were:

(1) Whether or not the principle of abuse of rights as recognised in Halifax, has direct effect against an individual in the absence of a national implementing measure whether legislative or judicial.

(2) If the answer to question (1) is that the principle of abuse of rights is directly effective against an individual, was the principle sufficiently clear and precise to be applied to the taxpayer's transactions, which were completed before the judgment of the Court in Halifax was delivered and in particular having regard to the principles of legal certainty and the protection of the appellants' legitimate expectations.

### Transfer Pricing Audit

Since 2015, a dedicated Transfer Pricing Audit Branch is in operation in our Large Cases Division. The primary role of the Branch is to undertake risk-driven transfer pricing audits and the transfer pricing audit programme is in its second year of operation.

There are currently 12 transfer pricing audits open in LCD. The transfer pricing audit programme will be extended to our other operational Regions in 2017.

### Special Investigations and Offshore Evasion

During 2016 the yield from the investigation of the use of offshore accounts to evade tax was €7.7 million, comprised of €3.8 million in tax and €3.9 million in interest and penalties. There were 15 cases published in the defaulters' lists in 2016 in respect of settlements involving offshore evasion.

Our action against offshore evasion in 2016 was underpinned by the use of statutory powers to obtain information from financial institutions and third parties, as well as exchange of information with other jurisdictions under Mutual Assistance arrangements and Tax Information Exchange Agreements. Our capacity to act against offshore evasion will be strengthened considerably by data received under a series of new, international, Automatic Exchange of Information agreements.

Since 1999 a total of €2,816 million has been collected from 35,393 cases associated with the major "legacy" investigation projects, including the offshore assets project.

Finance Act 2016 made changes to the qualifying disclosure legislation with regard to offshore income. From 1 May 2017, it will no longer be possible to obtain the benefits of a qualifying disclosure if matters included in the disclosure relate directly or indirectly to any of the following:



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- ➔ An account held or situated in a country or territory other than the State;
- ➔ Income or gains arising from a source, or accruing in a country or territory other than the State;
- ➔ Property situated in a country or territory other than the State.

In addition, where there are liabilities arising within the State as well as liabilities relating to offshore matters, a qualifying disclosure will be unavailable in respect of all of those liabilities, except in limited circumstances (specified by the measure).

This means that tax defaulters who use offshore facilities to hide income, accounts or other assets will no longer have the facility to make a voluntary disclosure. In addition, those who do not come forward before the end of April 2017 will face penalties of up to 100% of the tax evaded, publication in the List of Tax Defaulters and, potentially criminal prosecution.

### VAT Fraud

Combatting VAT fraud is best achieved through a combination of information-sharing at a national and international level, implementing best practice through co-ordinated activities, and by monitoring emerging fraud trends. Revenue is increasing its effectiveness in this field through greater engagement with a number of international agencies and fora in the fight against such fraud including EUROFISC, the International Organisation of Tax Administrations (IOTA) – for sharing of best practice, and bi-lateral exchanges and co-operation with

Member States on cross border fraudulent VAT activities.

*Below; New Honda CR-Vs seized by Revenue in 2016*



Eurofisc is an EU programme which facilitates the exchange of information between Member States for the early detection of organised VAT and Carousel Fraud. Revenue actively participates in this forum. VAT fraud has a major impact on the national exchequers of Member States. In September 2016, Revenue seized 24 new Honda CR-Vs worth in excess of €700,000 as part of an investigation into VAT Carousel Fraud in the motor sector.

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

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### Suspicious Transactions

Revenue received 22,607 Suspicious Transaction Reports (STRs) in 2016 from financial institutions and other designated bodies that are required by law to make such reports. In 2016, the yield from cases involving STRs was €6,370,221.

During 2016, Revenue continued to actively engage with the bodies that are required to make STRs, providing advice and assistance with a view to ensuring that the process works as effectively as possible. We also continued to work in close cooperation with An Garda Síochána's Financial Intelligence Unit and other State agencies concerned with STRs.

During 2016, the Financial Action Task Force (FATF), which is an international organisation that leads the fight against money laundering and terrorist financing, carried out its 4th Mutual Evaluation Review on Ireland. Revenue, as a member of the multi agency Anti Money Laundering Steering Committee, chaired by the Department of Finance, engaged with this review. The final report of the evaluation is expected to be published in 2017.

### Serious Tax & Duty Evasion

Prosecuting cases of serious tax and duty evasion and fraud is a central element of our work in confronting non compliance. In 2016, 17 criminal convictions for serious tax and duty evasion were secured before the Courts – see Table 24 on page 103.

10 of the convictions were for serious tax offences. Prison sentences ranging from 12 months to 2 years and 6 months, which were fully or partly suspended, were imposed in 8 cases. A fine of €20,000 was also imposed in 1 of those cases, and requirements to undertake 240 hours of community service were imposed in 3 cases. Fines of €3,000 and €4,000 respectively were imposed in the 2 cases where a prison sentence was not imposed.

7 of the convictions were for serious duty offences. Prison sentences of between 12 months and 2 years, all of which were either fully or partly suspended, were imposed, and a fine of €12,500 was also imposed in 1 case.

At year end, 108 cases of serious evasion or fraud were in the investigation process, and a further 31 cases were before the Courts.

### Reporting Tax Evasion

Details of shadow economy activity can be reported to Revenue through our on-line Tax Evasion Reporting Form available [here](#). Information that identifies both the tax evader and the way in which the evasion is carried on is particularly helpful in our efforts to tackle this problem.

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





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Calls made to the Confidential Freefone Number have resulted in seizures of approximately 50,000 cigarettes, 12kgs of tobacco, in excess of 65 litres of spirits, 116 litres of beer, 14 kegs of beer, 104 litres of wine as well as the imposition of penalties relating to Vehicle Registration Tax and the seizure of two vehicles.

### Fiscal Fraud, Smuggling and Drugs

Action against fuel fraud, the smuggling and sale of illicit tobacco products and drug smuggling continued to be a high priority for Revenue throughout 2016. Key elements of this work included the gathering and development of intelligence on the persons and crime groups responsible for these illegal activities and the delivery of targeted operational programmes to combat the serious threat that they pose.

As there is a transnational dimension to much of this crime, our work is undertaken in close cooperation with other law enforcement agencies both in Ireland and abroad and with the relevant international organisations. This work is being supported and facilitated by the Joint Agency Task Force which was established as part of the work of 'A Fresh Start; The Stormont Agreement and Implementation Plan'. This task force includes representation from Revenue, An Garda Síochána, the Police Service of Northern Ireland (PSNI), HM Revenue & Customs, the National Crime Agency and the Criminal Assets Bureau (CAB). Strategic and tactical plans have been agreed by all the stakeholders to ensure that the activities of the agencies concerned are targeted as effectively as possible against those responsible for these forms of criminality. An example of

successful cross border collaboration can be found in Feature Article 3 on page 43.

### Tobacco

Our action against the illicit tobacco trade targeted all stages of the supply chain, resulting in significant seizures of products being smuggled into the country or being supplied or offered for sale here. 44.6 million cigarettes with a value of €23.5 million and 1,527 kilograms of tobacco with a value of €0.74 million were seized; the comparable figures for 2015 were 67.9 million cigarettes and 2,364 kilograms of tobacco. There were 113 convictions for tobacco-related offences in the course of the year.



*Above; 250,000 cigarettes seized by Revenue in Dublin Port 2016*



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Since 2009, Revenue has jointly with the HSE National Tobacco Control Office engaged an independent market research company (Ipsos MRBI) to survey smokers in Ireland to assess the levels of non-Irish duty paid tobacco in the market. The 2016 survey shows that 18% of cigarettes smoked in Ireland are non-Irish duty paid, the same as the 2015 level. Although the overall level is stable, the portion of these that are illegal has dropped from 12% to 10% in 2016. The remaining 8% are legal non-Irish duty paid cigarettes, i.e. personal imports made by air and sea passengers which were legally purchased in other countries with the appropriate duty paid there, and where the quantities imported were in accordance with legal limits and guidelines. In addition to cigarettes, users of roll your own (or pouch) tobacco are also surveyed. This shows 12% non-Irish duty paid, of which 9% was illegal and 3% legal, in 2016.

### Drugs

In 2016, Revenue made 5,997 drug seizures, amounting to 1,678 kilograms of product with an estimated value of €30 million - see Table 22 on page 102.

Revenue works closely with An Garda Síochána and the Naval Service in the fight against illicit drugs and, as a central part of this ongoing cooperation, undertakes joint investigations with the Drugs and Organised Crime Bureau of An Garda Síochána. In 2016, this resulted in 80 controlled delivery operations involving Revenue, An Garda Síochána, and/or the Health Products Regulatory Authority. This resulted in the seizure of 293 kilograms of drugs.

37 people were arrested as a result of controlled deliveries or operations with An Garda Síochána.

Revenue also participates in the Oversight Forum on Drugs (OFD), which is led by the Department of Health. The OFD meets quarterly to oversee progress in relation to the actions of the Government's [National Drug Strategy 2009-2016](#), and to address any emerging issues.



*Above; 75 kg cocaine worth €5.5 million seized by Revenue, Clare 2016*

At international level, we are engaged actively with the EU Customs Cooperative Working Party, other relevant EU fora, Europol, the European Multi-Disciplinary Platform Against Criminal Threats, the Maritime Analysis and Operations Centre (Narcotics), the World Customs Organisation and the Pompidou Group in ongoing actions directed towards intercepting and preventing the trafficking of drugs, illicit medicines, psychoactive substances and drug precursors. Revenue took part in a number of operations within these frameworks in 2016.



## Strategy 2: Confront Non Compliance

### Cash Confiscation

Revenue's wider responsibility in combatting the activities of organised crime has resulted in a significant body of work being undertaken in the area of criminal cash confiscation. In parallel to the work undertaken by other law enforcement agencies Revenue detains cash which is suspected to be the proceeds of criminal activity or intended for use in criminal conduct. Such detentions are made where the amounts involved exceed the statutory threshold limits. Statutory Instrument No. 436 of 2016 decreased this prescribed limit from €6,348 to €1,000, with effect from August 2016. When cash seizures are made investigations are subsequently undertaken by Revenue to establish any links with criminality with a view to securing forfeiture orders in the Courts. In 2016 there were 73 separate cash seizures in the State, mainly at our airports and ports, amounting to a total of €979,886. There were also 16 cash forfeiture orders granted by the Courts in 2016 amounting to €507,775.

### Customs Audit

Controls performed by Revenue after the release of imported goods to assure the accuracy of Customs declarations and/or transactions, are classified as Post-Clearance Interventions (PCI). Customs Audit and Post Clearance Checks (PCCs) are the primary programmes in place to ensure that we tackle non compliance from a Customs perspective.

In 2016, 266 Customs Audits were finalised. Yield from these audits and other Customs risk management interventions was €4.3 million. In addition to this, almost 5,000 PCCs were carried out resulting in yield of €323,386.

### Working with our Partners

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

We continue to work at a national level with An Garda Síochána and the Naval Service and at international level with our law enforcement partners in the fight against illicit drugs. We also play a key role in enforcing a range of prohibitions, restrictions and product safety regimes on behalf of other State Agencies. In support of this investigative activity Revenue has deployed a number of officers in foreign jurisdictions. Revenue has officers in the UK, Portugal (MAOC-N) and the Netherlands (EUROPOL). These officers support Revenue in the broad range of national and international investigations undertaken in confronting non compliance.

The trade in counterfeit goods continues to be an area of concern. Throughout 2016 Revenue's Intellectual Property Rights Unit continued to work closely with An Garda Síochána and the Intellectual Property Rights holders detecting and seizing counterfeit goods. As a result of these operations and in addition to the seizure of the counterfeit goods imported, a number of traders are now the subject of Revenue interventions concerning their tax compliance. Some examples of counterfeit

## Strategy 2: Confront Non Compliance

goods seized are included in the Feature Article 4 on Portlaoise Mail Centre on page 43.

In 2016 Revenue Officers detained 2,178 consignments containing 71,044 items of counterfeit goods with a genuine equivalent value of €7.8 million.

Revenue staff also participated in a number of joint operations with An Garda Síochána which resulted in significant seizures of counterfeit goods under the patents acts.

We also work in partnership with the DAFM and the FSAI on the Geographical Indication Scheme for Irish Whiskey and Irish Poteen. This Scheme ensures that only products genuinely originating in a country are allowed to be identified as such for commercial purposes.



*Above; Counterfeit watches seized at Portlaoise Mail Centre, 2016.*

We coordinated enforcement and interception of prohibited and restricted products and produce on behalf of our colleagues in the Department of Agriculture, Food and the Marine (DAFM), Food Safety Authority of Ireland (FSAI), Department of Jobs, Enterprise and Innovation, The Health Products Regulatory Authority (HPRA) and the Competition and Consumer Protection Commission.



## Feature Article 2: Combatting the Illicit Fuel Trade

During 2016 the success of Revenue's comprehensive strategy and actions to combat the trade in illicit fuels was clearly evident. Just one mobile laundry was detected, sludge dumping was considerably reduced and a small number of detections of laundered fuel were made.

Since 2011 Revenue's evolving strategy encompassed the tightening of the fuel licensing regime, introduction of a supply chain reporting and monitoring system, introduction of a reckless trading provision, the strengthening of Revenue powers to refuse or revoke licences, and in April 2015, jointly with the UK, the introduction of a new fuel marker Accutrace S10.

These measures were backed up by robust enforcement action, which intensified following the introduction of Accutrace S10. Following the acquisition of portable fuel analysers a target based national sampling programme was implemented, involving the testing of thousands of fuel samples in the second half of 2015 and throughout 2016.

Random sampling of auto fuel licence holder's premises was carried out in January 2016 and was repeated in January 2017. These exercises provide a powerful and robust measure of the scale of any selling of laundered fuel in the State. The results of the two exercises show no detections in either January 2016 or January 2017.

Further Revenue research shows that volumes of diesel released for consumption are continuing to grow strongly, and this increase is faster than would be expected from economic growth alone. Analysis suggests that a significant portion of this increase may be due to the continued successful implementation of Revenue's compliance strategy in oils.

The random sampling exercises and further research on the trends in the oil market which are published on our website, demonstrate that Revenue's overall strategy is successfully addressing the illicit trade in fuel. We continue to review and refine our strategy so that it is effective and sufficiently forceful to deal with known and emerging risks in the fuel sector.

*Right; Revenue staff carrying out random fuel sampling*





## Feature Article 3: Revenue & HMRC Joint Award

A joint operation involving Revenue and HM Revenue and Customs in the UK, targeting fuel fraud, won the Outstanding Collaboration category at the UK Government Counter Fraud Awards 2016. The award, for outstanding team work in investigating, detecting and deterring fraud, was presented at a ceremony held in Admiralty House, London, on 13 September 2016, attended by representatives from Revenue, HMRC and the Police Service of Northern Ireland.

Early in 2016, Revenue commenced an investigation into suspicious movements into the country of a substance believed to be intended for use as an illicit substitute for road diesel, and which represented a substantial potential loss of excise duty and VAT. Following discussions with HMRC, it was agreed to progress the investigation as part of the Joint Agency Task Force operations under the action framework of “A Fresh Start: The Stormont Agreement and Implementation Plan”. A successful joint Revenue/HMRC investigation culminated in the seizure of large quantities of product on both sides of the border in June. A raid on a site in Northern Ireland resulted in the seizure of 26,000 litres of the product believed to be intended for use as an illicit fuel and the arrest of two persons known to the authorities. A further 14 tanks of this product were seized subsequently at Belfast and Dublin Ports, bringing the total quantity taken by the authorities north and south to 390,000 litres. The joint investigation is ongoing to establish all relevant facts in relation to the fraud. The co-operative approach deployed in this international operation has ensured that the illegal activities of a significant organised crime group have been successfully foiled.



*Above; Revenue Staff Receive “Outstanding Collaboration Award”, September 2016*



## Feature Article 4: Illicit Movements by Post

Portlaoise Mail Centre is one of An Post's four national automated mail hubs and houses its national parcel centre – all parcels entering the State from abroad are processed through this centre.

Revenue has a permanent presence in the Mail Centre where 13 staff and 2 dogs operate a frontier post; policing all international parcel post in respect of the illicit movement of drugs, tobacco, alcohol, illegal medicines, counterfeit goods and offensive weapons. This team also raises charges on parcel post, as necessary, in respect of duties and VAT and provides a quality service in all contacts with the public. *Right; Buster at Portlaoise Mail Centre.*



The team carries out vital work in countering the importation of counterfeit goods and the infringement of intellectual property rights (IPR). This work is fundamental for the health and safety of consumers as fake goods are often unsafe or even dangerous. This work also contributes to the protection of indigenous industries and jobs. Some of the more common fake products intercepted include designer sport shoes, ladies handbags, clothing, sports wear and watches.

UK based Anti-Counterfeiting Group (ACG) represents the interests of international companies campaigning against the trade in fake goods on behalf of consumers and legitimate business interests in partnership with government and law enforcement agencies. The team stationed at the Portlaoise Mail Centre were nominated for an award in 2016 by the ACG for “Excellence in Anti-Counterfeiting Enforcement” in recognition of the standard of work carried out.

The Revenue team in the Portlaoise Mail Centre also support the National Parks and Wildlife Service of the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs through their active monitoring and detection of prohibited movements of animals and plants under the Convention on International Trade in Endangered Species (CITES). The aim of CITES is to ensure that international trade in wild animals and plants is not a threat to the survival of the species in the wild. CITES regulates international trade in more than 35,000 plants and animals species which are or might become threatened by such trade.

The detections by the team in Portlaoise over the period 2011-2016 are outlined in the following table.

Products	No. of detections	Volume/No. of items	Value
Drugs	302	1,149 kg	€16.5m
Cigarettes	7,290	12.4m	€5.5m
Tobacco	372	4,681 kg	€1.7m
Counterfeit Goods	4,259	97,356	€5.3m
Total	12,223		€29m



## Feature Article 5: Revenue and 1916

In April 2016 an exhibition opened in the Revenue Museum, Dublin Castle, as part of the 1916 Centenary Celebrations. 'Connections – Revenue and 1916', explores the associations between Revenue and the Easter Rising through the lives of two extraordinary men: Bulmer Hobson and Mortimer O'Connell.



Bulmer Hobson worked for Revenue from 1924 to 1948. As Deputy Director of Stamping he oversaw the printing of stamps, passports, tax discs, pension books and other 'secure' documents. He was a middle-ranking civil servant, one of the many diligent but anonymous people who ensured that the business of the State was carried out.

Turn the clock back to the early days of the 20th century and his activities were of a very different nature. Between 1900 and 1916 Bulmer Hobson was one of the most influential nationalist leaders in the country. An Ulsterman and a Quaker, he was a member of the Gaelic League, a founder of Na Fianna and the Irish Volunteers, a senior member of the Irish Republican Brotherhood, and a gun runner.

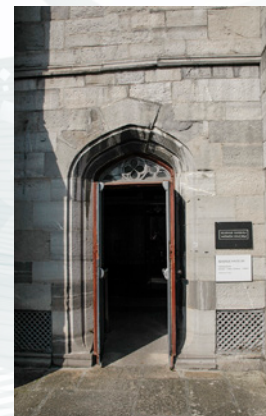
In 1914 he had as much sway among Irish nationalists as Clarke, Pearse, MacDermott and the other leaders whose names are indelibly associated with the fight for Irish independence. Yet within two years Bulmer Hobson had been swept aside. Almost overnight the ultimate insider became an outsider who played no part in the subsequent emergence of the Irish Free State he had plotted to bring into existence. He now rests in a lonely grave on the shores of Dog's Bay in Roundstone, Co. Galway.

In recent years historians have begun to rescue Bulmer Hobson from obscurity. His key role in preparing the ground for Irish independence has been recognised. But he remains in many respects the forgotten revolutionary. His rise to prominence and sudden fall from grace is one of the most fascinating stories associated with the 1916 Rising.

On Good Friday 1916, Bulmer Hobson was kidnapped by members of the Irish Volunteers, an organisation he had founded, to prevent him from calling off or disrupting the Rising. One of the men assigned to guard him, Mortimer O'Connell was, at the time, a Customs and Excise officer. After guarding Hobson, O'Connell fought with his Volunteer colleagues at various locations around Dublin. He was subsequently arrested and interned in Frongach in Wales. In later years he worked in Dáil Éireann where he rose to become Clerk of the Dáil in 1948.

The exhibition will remain open to the public throughout 2017.

**The Revenue Museum is located in the crypt of the Chapel Royal in Dublin Castle, and is open from 10am to 4pm Monday to Friday. Admission is free.**





# Strategic Driver 1: People, Performance and Structures

Maintaining an efficient, agile and innovative organisation with strong governance is essential for quality performance. Having the people with the required skill set, a focus on continuous professional development and effective corporate structures and accountability are essential to ongoing high performance and delivery. Initiatives under the Civil Service Renewal Plan have supported our organisation in this task. Through involvement in various cross-departmental initiatives, we continue to actively support implementation of the programme of renewal.

## Recruitment & Staffing in Revenue

Revenue had 5,968 full time equivalents at the end of 2016, up 188 (3.3%) on the end of 2015.

In order to serve the community and carry out the complex business of taxes and duties administration we must have suitably qualified and experienced staff in the right jobs. We need to attract, recruit and retain talented people. We will lose valuable expertise in the coming years due mainly to the age profile of our current staff (almost 1/3rd of our staff are aged 55 or over). This expertise must be replaced so we can continue to deliver on our strategic objectives.

During 2016 we filled posts through redeployment, open recruitment, interdepartmental and internal promotion across all grades.

We appointed a total of 545 staff from open recruitment and interdepartmental competitions in 2016. These staff comprised 5 Principal Officers, 29 Assistant Principals, 60 Administrative Officers, 15

Higher Executive Officers, 207 Executive Officers, 219 Clerical Officers and 10 Service Officers.

We aim to be an employer of choice for individuals with the range of skills and expert knowledge we require. Our work mobility policy offers exposure to a wide variety of interesting challenges and careers. We support staff to develop their capabilities through provision of accredited tax and duty training, continuous professional and personal development (CPPD) and financial support for self-directed learning. We offer merit-based opportunities for advancement along a structured career path and a range of work-life balance options, subject to business needs. A number of staff profiles in this section provide an insight into the range of career opportunities available to staff in Revenue.

Our open competitions are advertised in national newspapers, on our website, on the Public Appointments Service website and on social media fora, such as Twitter.

We are an equal opportunities employer. The gender balance at senior management levels in Revenue continues to improve. At the end of 2016, females represented 36% of Principal Officers and 45% of Assistant Principals in the organisation (in 2008 they represented 17% and 27% respectively). In 2016, 4% of our workforce identified as disabled, exceeding the 3% minimum target of the Civil Service Code on Employment of People with Disability. We continue to take part in the Willing, Able, Mentoring (WAM) programme which is a paid work placement programme run by the Association for Higher Education Access & Disability (AHEAD) for graduates with disabilities. The WAM programme

# Strategic Driver 1: People, Performance and Structures

aims to promote access to the labour market for graduates with disabilities and build the capacity of employers in both the public and private sectors to integrate disability into the mainstream workplace. WAM placements typically last for 6 months. In 2016 we had 9 graduates from the WAM programme employed on a contract basis. A former WAM graduate, Brona Kearney, who successfully secured permanent employment in Revenue is featured in our staff profiles.

## Staff Training & Development

During 2016, we developed our staff and leaders through the delivery of over 31,000 training days, an increase of 30% on 2015. This included management training as well as technical tax, audit, analytics and customer service training. We also provided training delivered as part of our CPPD programme. The total direct expenditure on training and development was just over €6 million representing 2.1% of payroll costs.

In December, 160 newly recruited staff received a Certificate in Income Tax and Payroll Compliance, 47 officers were conferred with the Tax Technician qualification (TMITI), and a further 12 staff graduated as Chartered Tax Adviser, all awarded by the Irish Tax Institute.

On 16 January 2017, 22 of our staff were conferred with the BA (Hons.) in Applied Taxation. A further 63 graduated with a Diploma in Applied Taxation. Both of these qualifications are accredited by the University of Limerick.



*Above; Revenue Staff Graduate from the Irish Tax Institute, December 2016.*



*Above; Revenue Staff Graduate from the University of Limerick, January 2017.*



# Strategic Driver 1: People, Performance and Structures

Revenue encourages self-directed learning by providing financial support to staff studying for a recognised academic or professional qualification in their own time. Staff can apply for a full or partial refund of academic fees under the Refund of Fees scheme or, in certain circumstances can apply for their fees to be fully sponsored. This encouragement and support for education and development strengthens organisational capacity and enhances performance.

In 2016 124 staff were supported through a combination of these funding schemes. The courses undertaken were relevant to employment in Revenue and the Civil Service, and included subjects such as tax, audit and accountancy, law, ICT, business studies and human resources.

12 members of staff studied accountancy in 2016, with 1 qualifying as an accountant during the year.

During the year, 5 Revenue staff members participated in legal training and 1 qualified as a solicitor. Six officers are currently studying towards the achievement of the Corporate MBA at the University of Limerick, which is also a sponsored programme.

## Monitoring Performance Management

A review of adherence with the Performance Management and Development System (PMDS) showed that 5,926 staff received a PMDS rating in 2015 representing a compliance rate of 96%. PMDS rates for 2016 show a similar trend with 95.5% compliance for Goal Setting stage.

The average number of working days lost to sick leave per full time officer was 11.23. This is a slight increase on 2015.

## Structural Changes

In 2016, we established 7 new Districts within our operational Regions. These 2nd Tier Districts will deal with supporting compliance and with the risks associated with a strata of customer who have complex tax affairs but do not fit the criteria to be managed by our Large Cases Division. These offices have been resourced with individuals who are specialised in working on complex tax issues found within this taxpayer group. The decision to set up these Districts was taken after a detailed programme of data analysis on our business taxpayer case base. Throughout 2017 we will continue to examine our business taxpayer case base and our structure and put forward solutions which better deliver on our strategic objectives of supporting compliance and addressing specific risks to the tax base.

Significant changes were also made to the Customs functions of our Corporate Affairs & Customs Division in order to provide a robust framework for Customs policy, legislation and operational support. A new office was established in Dublin to take over policy and liaison responsibilities. The revised structure provides a strong base from which to deal with the challenges of the next several years.

# Strategic Driver 1: People, Performance and Structures

## Civil Service Renewal

The Civil Service Renewal Plan is ongoing and we are committed to playing an active and strategic role. We are represented on the Civil Service Management Board by Revenue Chairman, Niall Cody. The Chairman is also a member of the Accountability Board for the Civil Service which was established in May 2015.

Key work carried out in 2016 included the following:

- ➔ We published our updated Corporate Governance Framework;
- ➔ We provide data and printing services for over 30 other Government Departments and Public Bodies on a shared service basis;
- ➔ We appointed 545 staff from open competitions;
- ➔ We actively contributed to the development of a new shared model for delivering Learning and Development across the Civil Service;
- ➔ We contributed to the development of a central policy on Talent Management and a number of Principal Officers took part in an Executive Coaching Programme aimed at building individual and collective leadership capacity at senior management level;
- ➔ We supported the development of a performance review process for Secretaries General and are implementing a new review process for Assistant Secretaries;
- ➔ We actively participated in the Civil Service Excellence and Innovation Awards 2016. Three Revenue projects were shortlisted for an award; 'Facilitating Trade through Irish Ports' was shortlisted for Excellence in Customer Service while 'e-Tax Clearance' was shortlisted for Excellence in Innovation. The third project, 'Investment in New Recruits' was the ultimate winner in the Excellence in Skills Development category;
- ➔ Members of our senior management team actively participated on a number of cross-Departmental public service reform groups including; the Reform and Innovation Network, the Learning and Development Project Working Group, the Human Resources Shared Services Centre, the Financial Management Shared Services Programme Boards, and the Cross-Departmental External Service Delivery Debt Management Project;
- ➔ We implemented a very active internal mobility policy and introduced a new mobility policy at Assistant Secretary level;
- ➔ We made improvements in how our data is collected, managed and shared and implemented an Open Data Strategy to support and fulfil our commitments under the Open Government National Action Plan;





# Strategic Driver 1: People, Performance and Structures

- ➔ We hosted a Civil Service Renewal Town Hall in Dundalk IT on 5 February 2016 for 170 attendees. Niall Cody, (Chairman, Revenue), Niamh O'Donoghue, (Secretary General, Department of Social Protection), Paul Dempsey (Assistant Secretary, Revenue) and Dr. Orlaigh Quinn (Assistant Secretary, Department of Public Expenditure and Reform) were on the panel.

## Communications

We published our External Communications Strategy 2016-2018 which is available on our website [here](#). This document sets out our priorities, in terms of how we communicate with our customers and other key stakeholders.



*Above; Civil Service Renewal Town Hall meeting hosted by Revenue, February 2016.*



## Feature Article 6: Skills Development and Investment in New Recruits

During 2016 we adopted an innovative approach to the recruitment, retention and capability development of staff in Clerical Officer, Executive Officer and Administrative Officer grades. This involved the introduction of a coordinated recruitment, training and mentoring development programme. New recruits now go directly into appropriate training programmes which are externally accredited.

Achieving external accreditation to validate the quality of training is important. To date more than 200 newly recruited Clerical Officers have been awarded Certificates in Taxation by the Irish Tax Institute. To ensure successful delivery of training to the required academic standard, revised and intensive mentoring support was put in place across the organisation.

Human Resources, Training Branch and Regional management teams all collaborated to deliver the new programmes. Engagement with third parties for training delivery was also essential. The recruitment team in our own HR Division engaged with the Public Appointments Service (PAS), PeoplePoint (the Civil Service HR Shared Service) and the Payroll service to coordinate recruitment and induction processes.

Our Training Branch engaged with regional management, staff representatives and external providers to design the revised training programmes and local mentoring arrangements. Modifications to external programmes were negotiated to deliver fully trained Clerical Officers within six months, down from 12 months previously and auditors trained to Diploma in Applied Taxation level within two years, down from three years previously. The Diploma in Applied Taxation is accredited by the University of Limerick.

The new staff members are already delivering improved customer service to the public, and participating in expanded Revenue compliance programmes. Feedback from new recruits has been very positive, confirming Revenue's reputation as an employer of choice. This innovative approach has enhanced our ability to recruit high calibre staff in a very competitive market. Profiles written by new staff members who have received intensive training, Emma McManus and Sabina Devereux, are included further in the report.

On Tuesday 6 December, at a ceremony in the Royal Hospital Kilmainham hosted by the Taoiseach, Mr. Enda Kenny TD, and the Minister for Public Expenditure and Reform, Paschal Donohoe, T.D. this project was awarded the Civil Service Excellence and Innovation Award in the category of 'Skills Development'. *Right; Revenue staff receiving their award, December 2016.*





## Feature Article 7: Partnership in Revenue - Addressing Employee Engagement and Wellbeing

For twenty years Revenue has had a strong partnership structure which involves representation by management, staff and unions. As well as a central Partnership Committee there are Regional Partnership Groups in each of the major operational divisions of the organisation. The committees meet on a regular basis to discuss and seek resolution of issues of mutual concern. The structure builds on a very positive industrial relations environment which has existed in Revenue for many years.

One feature of the partnership structure which has been developed in recent years is the use of 'Intensive Groups'. These are partnership committees which are formed to work on a specific task or topic and which work to a tight timescale.

In 2016 Revenue established two Partnership Intensive Groups to examine areas of importance to the staff of the organisation.

A Partnership Intensive Group on Health and Wellbeing comprising 17 members from throughout the organisation was established in May. Its task was to review options that could contribute to improving the health and wellbeing of Revenue staff, particularly in light of the Government's 'Healthy Ireland Initiative'.

The group delivered a report in October which recommended that support of positive physical and mental health and wellbeing for Revenue staff should have improved focus in the organisation. The report recommended the provision of information and the facilitation of initiatives at local level which would echo the 'Healthy Ireland' recommendations in this area. Some of the initiatives already in place include Mental Health and Stress Management seminars and lunchtime walking groups.

The second Partnership Intensive Group was established in order to develop an action plan aimed at improving Employee Engagement in Revenue. In September 2015 a Civil Service wide survey was conducted which examined employee engagement. Analysis of Revenue's results found that our staff are highly engaged and positive about their work, however, a number of development areas were also identified.

The Partnership Intensive Group on Employee Engagement and Involvement brought together a group of 19 staff members representing management, unions and staff. The group met in early July and delivered a final report in September. The report contained an Action Plan for Employee Engagement which will be implemented in 2017. Among the first initiatives is a series of Town Hall meetings aimed at giving all staff in Revenue an opportunity to engage with the Board and senior managers.

*Right; Revenue Partnership Group on Employee Engagement and Involvement.*





### **Emma McManus**

#### **Clerical Officer, South West Region, Cork**

After a successful conclusion to the Clerical Officer Open Competition of 2014, I was offered a position with Revenue in Cork. Prior to this, I had been employed in diverse fields, with a multitude of roles in manufacturing, retail, tourism, catering and healthcare.

From the beginning, it was evident that the training I was to receive would be notably thorough. Initially I was apprehensive, as never in my professional background would I have been exposed to the complex issue of taxation. However, the constant support and advice I received from the Revenue Training Branch and other Revenue personnel soon allayed any concerns I had.

The training covered several topics, from the basics such as what taxation is and how it works, to the more intricate details of how different types of income are treated for tax purposes, the role of Revenue and the delivery of customer service, among others.

When I was assigned to the 1890 PAYE Customer Service Unit, I felt I had the foundation I needed to competently carry out my duties. As an 1890 PAYE Officer, I am the first point of contact for callers to the helpline. My role is to provide up-to-date information and assistance in a clear manner, as well as updating any details on the customer's PAYE record. I also make callers aware of new initiatives such as the Jobs and Pensions Service, thereby decreasing the likelihood of Emergency Tax being applied, and the RevApp, developed for mobile device users.

I am proud to be working with Revenue. There are challenging moments, but there is also the satisfaction in knowing you helped a member of the public understand and manage their tax affairs better.

As someone committed to life-long learning, Revenue offers me an excellent opportunity to learn about different aspects of taxation in depth, with the relevant publications being easily accessible, as well as the e-Learning modules available on Skillport. The possibilities are endless.







### **Sabina Devereux**

#### **Executive Officer, East & South East Region, Wexford**

I was born in St-Petersburg, Russia, and came to Ireland on a student exchange programme in 2002, completing my Leaving Cert here. I graduated with a BA (Hons.) in Accounting and Finance from Dublin City University in 2008 and started my tax training in a large firm in Dublin. I qualified as a Chartered Tax Adviser with the Irish Tax Institute and moved to Wexford, where I joined a large manufacturing & exporting company. My role there mainly involved preparation of management accounts and Credit Control.

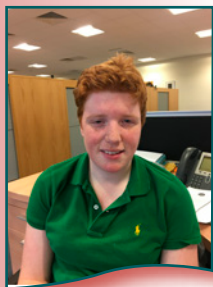
I always aspired to work in Revenue as I saw it as a long term career. I wanted to be a part of an organisation that has a major role in the national economy and influence on shaping the State's policies and legislation. As soon as I became eligible to apply, I entered an open recruitment competition and joined Wexford's Audit & Compliance team in April 2016.

On commencement I undertook an intensive Rapid Audit Proficiency Training (RAPT) programme. My responsibilities now include compliance interventions, audits and investigations. I regularly conduct interviews with taxpayers, meet with agents and have already been to a court hearing. Some projects I was involved in were joint operations between Revenue and the Department of Social Protection. I really enjoy working with different types of businesses and getting to know what is happening in my local area. Sometimes it isn't what you would expect, like a very high-tech business based in the rural countryside.

The role is empowering and carries a lot of decision making from early on. Examining risks under different tax heads also makes audit work in Revenue a lot more interesting than being confined to a specific section in a large practice. I have received invaluable support and mentoring since I started as an EO, and really cannot thank my colleagues enough.

A career in Revenue provides many options for further advancement and progression. In terms of my own future, I'm particularly interested in opportunities for further study in a public policy area.





### **Brona Kearney**

#### **Executive Officer, East & South East Region, Navan**

I have always had an interest in accountancy and tax and so I chose to study Accounting & Finance in the National College of Ireland. In 2013, as I was finishing my Masters in Accounting I began to apply for jobs in the sector. I had a lot of interviews but found it hard to secure employment.

I had become a member of the Association for Higher Education Access & Disabilities (AHEAD) while studying for my undergraduate degree and I received an email about the Willing, Able, Mentoring (WAM) programme, which is run by AHEAD.

To apply, I had to complete an application form outlining my qualifications, experience and also, location and sectoral preference.

I was successful at an interview in the Public Appointments Service (PAS) in Dublin. My information was sent to Departments with vacancies in the locations I had selected. I was offered a job with Revenue in the Kilkenny District which I was delighted to accept.

I was assigned to an audit unit, which was a great match for my skill set. The work was varied and challenging and I gained experience across a number of taxheads and in a number of different areas. During my placement my mentor helped me write my C.V. and prepare for interview questions. This was a hugely beneficial experience for me.

After my time in Revenue I applied for a number of jobs and started working at an accountancy firm in March 2014.

In July 2015 I applied for an open Executive Officer (EO) competition which was being run by Revenue. My disability is progressive and the opportunities for help, disability access and progression were better with Revenue than the job I was in. Also, I really enjoyed my placement in Revenue and had been waiting for an opportunity to apply for a permanent position. I was successful in this competition and I am currently working as an EO in audit and compliance. I am also studying for a Diploma in Applied Taxation and I have received support and encouragement to continue studying for the Association of Chartered Certified Accountants (ACCA) qualification, which I hope to achieve in 2017.

Taking part in the WAM programme was a great experience; I was able to develop my skills and capabilities in an area relevant to my qualifications. The placement also stood to me when applying for jobs and afterwards, I had a much better experience trying to secure employment. I am proud to be working for Revenue now, and hope that I have a varied and interesting career ahead of me.





### **John Christopher Byrne**

#### **Administrative Officer, Brussels**

I joined Revenue as an Administrative Officer in 2006 having completed a Bachelor of Science degree in Government and Public Policy. Since joining Revenue, I have gained broad experience through working in a variety of roles. These have included positions in the Offshore Assets Group, in Revenue's Tax Treaty team and in the Irish Permanent Representation to the EU. Throughout my career in Revenue, I have had the support and the opportunity to access further education and thus far I have completed a Masters in Economic Science (Policy Analysis) and a BA in Applied Taxation.

My current role in the Irish Permanent Representation to the EU, in Brussels, as the Deputy Customs Attaché is a diverse and extremely interesting one. My day to day work involves representing Ireland at meetings of the European Commission, European Council and the World Customs Organisation. This work is challenging and provides an excellent opportunity to expand upon my knowledge of the role that Revenue plays in an international context on behalf of Ireland. It allows me to contribute actively to that role both in the EU Customs Union and in the broader, international Customs field.





### **Denis O'Donoghue**

#### **Administrative Officer, Large Cases Division, Dublin**

I joined Revenue as an Administrative Officer in May 2015. I was assigned to the Large Cases Division in Dublin where I am currently the Case Manager for a number of multinational groups in the Information, Communication and Technology sector.

I graduated from University College Cork in 2008 with a B.Sc. in Accounting. Shortly afterwards I joined a large Irish multinational company where I trained as an accountant, qualifying under the Chartered Institute of Management Accountants in 2011. I gained a large amount of experience in the private sector, working in a variety of finance roles throughout Ireland and abroad.

In 2015 I was presented with the opportunity to join Revenue. The chance to apply my existing experience to an exciting new area within a large diverse organisation was very appealing.

Having not worked in taxation previously, the support of my colleagues within my team and throughout the organisation has been essential in helping me to operate at a high level quickly. Revenue has also supported me by allowing me the time to progress through the Chartered Tax Advisor qualification operated by the Irish Tax Institute.

My current role is very interesting and challenging. I am responsible for both compliance and customer service for a number of multinational groups. Even though I am the primary Case Manager and point of contact for these groups, there is a large team element to the work within my District. Fellow Case Managers assist me on a daily basis with technical issues and audits are frequently carried out with the help of my team members.

As I approach the end of my second year in Revenue I am delighted that I made the decision to join, I have gained invaluable experience and I am very excited by the large number of opportunities for progression that are available to me.







### **Helen Cross**

#### **Higher Executive Officer, Dublin Port**

I joined Revenue straight from school in 1987 as a Clerical Assistant, working in Dublin Castle. My role involved helping individuals availing of the double taxation relief under tax agreements in place between Ireland and other countries.

I was promoted to Clerical Officer in 1994 and joined the original Residential Property Tax Unit. I really enjoyed the challenge of being involved in the establishment of the first national database of property values.

In 2000 I moved to the Department of Finance on promotion to Executive Officer. I returned to Revenue in 2003 and joined the Crest Unit. This specialised unit dealt with stamp duty levied on the electronic transfer of stocks and shares. I investigated the validity of claims and authorised refunds of vast amounts of money to stockbrokers both in Ireland and in the United Kingdom. This role provided me with a wonderful opportunity to develop key skills which I would later find invaluable.

My career progressed in 2006 when I joined the Shadow Economy Unit in Dublin South County District on promotion to Higher Executive Officer. Here I worked with a great team on a very diverse range of duties. We visited new businesses applying for VAT registration, called to existing businesses that were not registered for the appropriate tax heads and investigated reports submitted by concerned citizens regarding alleged tax evasion. It was during my time here that I got involved in carrying out multi-agency checkpoints with Revenue's Customs Service and developed an interest in Revenue enforcement work.

In 2013 I successfully applied for a position in Customs Enforcement and was appointed to Dublin Port. I now manage a Frontier Team of highly dedicated and professional staff in Dublin Port. Our aim is to detect, intercept and seize smuggled goods, such as drugs, firearms, illicit tobacco and alcohol and counterfeit products.

My time in enforcement has given me the opportunity to work closely with colleagues around the country and with external agencies, including the Drugs and Organised Crime Bureau, the Criminal Assets Bureau, the Garda National Immigration Bureau and the Forensic Science Laboratory. I have also worked with the Department of Agriculture and the DSPCA in tackling the illegal puppy trade.

I represent Revenue on a new Detection Technology Network, comprised of representatives from all EU Member States. Participation on this group allows me to collaborate with my colleagues in Customs agencies worldwide in identifying cutting edge detection technologies to improve our border management capability.

My role in Revenue's Customs Service has without doubt been the most enjoyable, challenging and rewarding role I have had to date and I look forward to many more rewarding challenges in Revenue in the future.





### **Jacqueline O' Callaghan**

#### **Assistant Principal Officer, East & South East Region, Nenagh**

I am an Assistant Principal within the East South East 2nd Tier District. I joined Revenue in 2014 from an Open Assistant Principal competition and was assigned to the Wicklow Audit District.

I was awarded BBS (Hons.) Accounting in 2000. From there, I joined a medium sized accountancy practice gaining my professional accountancy qualification, CPA. I went on to complete the financial advisor examinations being awarded QFA and also the Chartered Tax Advisor with the Irish Taxation Institute.

I have over 12 years experience working in a medium sized Accountancy & Taxation Firm in Cork. I moved on from practice to industry when I joined the Indirect Taxes Department within a large multinational in order to gain international experience.

I chose to apply for a position with Revenue as I believed my background in complex statutory audit, taxation consultancy and international tax would be very suitable to the role, enabling me to share my knowledge within the organisation.

I have been fortunate since joining Revenue to encounter colleagues who have been both supportive and helpful.

There are fantastic opportunities within Revenue and I would encourage anyone to consider joining the organisation to do so.







### **Daniel Sinnott**

#### **Principal Officer, Planning Division, Dublin**

I joined Revenue as Chief Analytics Officer in September 2015. My job is to lead the work of the Research, Analytics, & Information Management Branch in handling information returns, and in building analytical models to help target Revenue's efforts where they will be most effective.

Before joining Revenue I worked in a variety of analytics and management roles for Ding, an Irish technology company, and for the Boston Consulting Group in London. My academic background is in economics and economic history; I have an undergraduate degree from University College Dublin and a master's degree from the University of Oxford.

Moving from the private sector to Revenue was a major decision, but one that I'm very happy with. My work in Revenue has been varied and challenging and I have found my new colleagues to be highly able, conscientious, and supportive. It's been great to be able to work on analytics projects that contribute to the general public interest.

One of the major attractions of working in Revenue's analytics function is the breadth of our data and the diversity of our projects. Revenue takes in rich data from an extremely wide range of sources and uses it to solve a broad array of operational problems in risk assessment, customer service, and debt management. This means the analytics team is exposed to a wide range of business challenges and interesting technical puzzles. Every day presents a new problem, so there are endless opportunities to learn and develop new skills.



## Strategic Driver 2: Technology & Business Processes

In 2016 we maximised the effective deployment of technology to drive the efficiency of our business processes.

In line with our Customer Engagement Strategy, we are committed to providing a wide range of online services to the public that are accessible to the widest possible audience. All online services are designed following Web Content Accessibility AA guidelines (WCAG) set out by the W3C (the World Wide Web Consortium). The W3C WAI (Web Accessibility Initiative) produces accessibility guidelines that are an internationally recognised benchmark of accessibility and ensures the widest number of individuals, despite disability can access our systems.

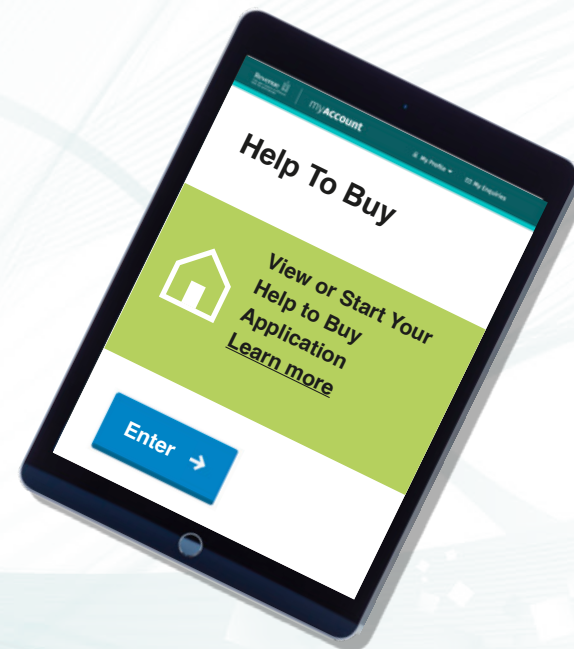
We ensured the consistent availability to customers of our secure IT services and delivered a host of new systems and applications to further improve the customer experience and the operation of the organisation.

During 2016 a substantial number of IT projects were successfully delivered:

- ➔ An online service to customers who wish to avail of the “Help to Buy” scheme.
- ➔ Phase one of our “PAYE Online Services” delivered a series of customer friendly functions that will ultimately replace the “PAYE Anytime” application. The project also improved our real time risk rules to ensure our risk assessment remains effective in light of changing threats.
- ➔ The “RevPay” application which facilitates our customers making payments online for a wide

range of taxes and liabilities using credit/debit card and Single Debit Instruction. This system is contributing to the reduction in the number of cheque and cash payments received in line with the Government’s National Payments Plan.

- ➔ Revenue’s RevApp allows customers access our online services via a range of mobile devices. The app consolidated Revenue’s existing mobile offerings into a single application for both our business and personal customers.



- ➔ The Employment Services project provided an electronic online channel through which new customers can register for PAYE without using paper forms. This allows customers to obtain Tax Credit Certificates and P2C certificates more quickly ensuring that they are setup correctly for tax deductions from their wages.



## Strategic Driver 2: Technology & Business Processes

- ➔ The eVRT project provided improved data collection facilities to enable us to meet our EU reporting obligations.
- ➔ Revenue's Debt Management caseworking application was enhanced to ensure that it remained fit for purpose in light of a fundamental restructuring of our Debt Management Units.
- ➔ Phase two of the National Intelligence Management System (NIMS) integrated the information of four additional air and ferry transport operators. This system provides information to Revenue which is used to profile and risk assess individuals moving through our airports and ferry ports.
- ➔ The OECD Common Reporting Standard (DAC2) requires Irish Financial Institutions to submit reports in relation to their non-resident customers. Revenue has delivered the IT capabilities to collect these reports for onward transmission to the relevant tax authorities.
- ➔ The OECD Country by Country Reports (CbCR) notification system requires multinational enterprises operating in Ireland to notify Revenue of their intention to submit CbCR in line with the OECD/G20 Base Erosion and Profit Shifting project.
- ➔ In line with our ICT Strategy 2015 – 2017 objective of utilising technology to reduce costs, we have realised a saving in excess of €250,000 through printing consolidation which involved moving from local desktop printers to a significantly smaller number of shared networked printers.

### Refining Business Processes and Facilitating Change

In 2016, Revenue established a Business Analysis Centre of Excellence. This is a small, dedicated team of Business Analysts who work to identify the most efficient and effective business processes. The methodology used has been adapted for Revenue from the internationally recognised Business Analysis Body of Knowledge standard.

### ISO Certification

The security of our data is a fundamental requirement for Revenue. In 2016 we were successful in a full independent re-audit of our ISO 27001 certification. ISO 27001 sets out the requirements of information security management systems relating to information and cyber security and offers a comprehensive set of controls, based on best practice in information security.

Revenue also continues to be certified to ISO 22301 standard. This is the international standard for business continuity to protect against, reduce the likelihood of, and ensure business systems recover from disruptive events.

### Cross Governmental Engagement

In addition to meeting Revenue's own IT requirements, Revenue continues to provide IT services and support to other Government Departments. We provide hosting services to a range of Government agencies, provide storage space and help secure their data. In addition we print material for 20 public service bodies on an ongoing, regular basis and a further 15 on an ad hoc



## Strategic Driver 2: Technology & Business Processes

basis. This totalled circa 36 million pages of printed output in 2016.

The Office of the Government Chief Information Officer has established a number of groups to advance the thinking and implementation of the [Public Service ICT strategy](#). Each subgroup is tasked with driving one of the five pillars of the strategy. Revenue ICT is represented on each of these groups and actively engages with Departments and other bodies to deliver on the Government ICT strategy.

Revenue is also involved in the technical and functional steering groups for the new Financial Management Shared Services project.

We are updating Revenue's **myaccount** system in order to allow customers to login using the Department of Social Protection's MyGovID service. The MyGovID account includes an extensive identity verification process carried out by DSP. MyGovID allows a customer to use one identity to access multiple online services provided by Government.



## Strategic Driver 3: Data, Analytics & Risk Assessment

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

### Advanced Analytics

The data Revenue collects from tax returns, from domestic 3rd party sources, and from exchanges with other tax administrations provides us with a rich source for understanding the needs, preferences, and behaviours of Irish taxpayers. Revenue uses statistical modelling and machine-learning techniques to mine this data for insight that enables us to identify risk, improve customer service, and influence compliance behaviour.

In 2016 we continued to invest in our analytical capability. Key actions and developments included:

- ➔ The creation of a new, dedicated IT platform that allows us to gather, manipulate, document, and analyse huge volumes of structured and unstructured data;
- ➔ The delivery of specialist analytics training in order to develop staff capability;
- ➔ The redesign of our existing PAYE and VAT Real Time Risk systems in order to take account of the latest available data;
- ➔ The development and roll out, on a pilot basis, of a new analytical model which aims to detect non compliance by identifying customers who have declared income substantially less than others with similar demographic characteristics and spending behaviour;

- ➔ We built a wide variety of new predictive and anomaly-detection models that aim to recognise the characteristics of non-compliant cases, identify suspicious anomalies in taxpayer data, and target Revenue actions and information campaigns in the most effective way possible. These newly developed models will be reviewed, piloted, and refined in the course of 2017.

Advanced data analytics continues to play a key role in our debt management operations. Our debt risk analysis and case identifiers are primarily driven through the Arrears Case Analysis Tool (ACAT) system. The system significantly enhances our capability in risk based case selection. It is also supplemented by a secondary data analysis application that is focussed primarily on timely compliance. These developments have enabled debt managers to interrogate and analyse debt data and have supported our ability to accurately and quickly target our intervention teams at the most risky cases. Since the deployment of ACAT we have achieved year on year reductions on our key debt available for collection measurement, which currently stands at €755 million.

Revenue continued to take a leading role in the work of the OECD Forum on Tax Administration (FTA) Advanced Analytics Network. In 2016 we authored an OECD report – [Advanced Analytics for Better Tax Administration](#) – that described how leading tax administrations are using analytics to assess risk, evaluate policy, and improve communication with taxpayers. The report also examined how administrations can tackle the major technical and organisational challenges they face in developing an effective analytics function. Our key role as part of

## Strategic Driver 3: Data, Analytics & Risk Assessment

the Advanced Analytics Network has enabled us to remain at the forefront of this increasingly important field of tax administration.

### Economic Research and Statistics

As an organisation, we collect considerable information from tax returns and payments through the administration of the tax system.

As part of our role in providing high quality advice to inform policy, we provide extensive analysis in response to requests for tax policy costings and statistics in Parliamentary Questions and other queries from stakeholders throughout the year, as well as providing statistical support required for the Tax Strategy Group, Budget and Finance Bill. During 2016, we continued the upgrade of our tax modeller simulation system to provide more detailed and robust analysis of Income Tax and Universal Social Charge policy changes. To meet the requests of our customers, we extended the range of statistics we publish in relation to high profile taxes (such as Local Property Tax) or schemes (for example, the Home Renovation Incentive).

Revenue and the Central Statistics Office (CSO) have a longstanding relationship, which was formalised by the signature of a Memorandum of Understanding (MoU) between the two Offices. The MoU and regular high-level liaison group meetings facilitate the extensive exchange of Revenue data to the CSO. This relationship directly contributes to enhanced statistical outputs from the CSO and a reduction in the administrative burden placed on businesses arising from CSO surveys (as Revenue data are used to replace or supplement the surveys).

We also produce independent research to evaluate the impact of our programmes and to better understand taxpayer behaviour. In 2016 we surveyed small-medium sized agents. Our full report on this is available on our website [here](#). As an increasing number of tax administrations among OECD countries are examining the potential of using insights from behavioural research to inform their approach to communicating with taxpayers, we have published a paper reviewing our research on this topic and the main lessons learned. This research is summarised in Feature Article 8 on pages 65 & 66.

In addition, we report on monthly collection, performance of receipts against target, forecasting end of year receipts and producing medium term estimates with the Department of Finance. We developed and deployed econometric models to complement existing tax forecasting methods. In April 2016, following the strong growth in Corporation Tax receipts in 2015 (which continued in 2016), we published a detailed analysis of 2015 Corporation Tax receipts and a follow up analysis is being published with this Annual Report. These reports are available [here](#).

To ensure our policy analysis and costings are accurate; we are constantly reviewing our data and modelling tools. We also publish as much information as possible in an open and timely manner. A feature article on pages 67 & 68 provides more information on our publications of statistics in 2016, progress on the Open Data initiative and the move to establish the Official Statistics quality mark in Revenue.



## Feature Article 8:

# Applying Behavioural Science in Revenue

Audit and other risk management interventions are proven to be effective tools to influence behaviour and improve compliance. But they can be expensive and time consuming, both for Revenue and taxpayers. Using insights from behavioural economics and psychology offers a cost-effective tool to complement other approaches and improve taxpayer compliance.

Building on work in earlier years, in 2016 we conducted further evidence based evaluations to test the impact of communications on compliance. A core component of the behavioural approach is to pilot new ideas in a randomised controlled trial (RCT) setting, essentially like a clinical trial with treatment and control groups. Revenue has implemented a number of pilots, always being careful not to advantage or disadvantage any group of taxpayers. The pilots draw on behavioural insights from Irish and international research.

Results from 2016 RCTs re-inforce those from conducted over the last five years, with the most effective approaches to influencing behaviour through communications found to be:

**Deterrence:** Deterrence strategies (e.g., highlighting possible sanctions) dissuade taxpayers from non-compliant behaviour. The research confirms that deterrent effects increase taxpayer compliance. They may impact taxpayer segments differently.

**Simplification and Salience:** Compliance can be enhanced through simpler presentation of information and by drawing attention to key information. For tax administrations, this often involves highlighting the third-party information held, through direct correspondence or through the pre-filing of tax returns. In one trial, the use of simplified letters for late filers of Form 11 returns showed an uplift of 17% in filing compared to the standard letter.

**Personalisation:** International research has shown the potential of more personalised correspondence, which is increasingly becoming a possibility given technological advancements. Revenue pilots confirm that personalisation leads to greater and quicker engagement, especially when multiple elements of personalisation are applied. For example, adding handwritten post-it notes to a Revenue customer survey caused response rates to almost double.

**Social Norms:** The behaviour of others can influence an individual's choices. Revenue research finds that social norms increase taxpayer compliance, particularly when combined with other insights, such as deterrence and, interestingly that localised social norms can increase payment, but not filing, compliance. However, the results for social norms alone are not as strong across trials, as expected from published literature.

This research shows that as well as the act of making contact, the wording, design and tone of communications with taxpayers matter for influencing compliance. Even seemingly small and insignificant changes to correspondence can significantly changes behaviour. Further detail on these findings and the underlying trials is published on the Revenue website.

## Feature Article 8: Applying Behavioural Science in Revenue

Revenue was the first Government department or office to implement wide scale piloting of RCTs testing behavioural insights. This was recognised by inviting Revenue to showcase our work at the Public Service Reform and Innovation Conference in July and this has led to further collaboration across the public sector.

The lessons learned from this research have been put in operation, making Revenue processes more efficient and reduce burden for taxpayers. A training programme for staff is being developed to further embed the use of these insights in Revenue.

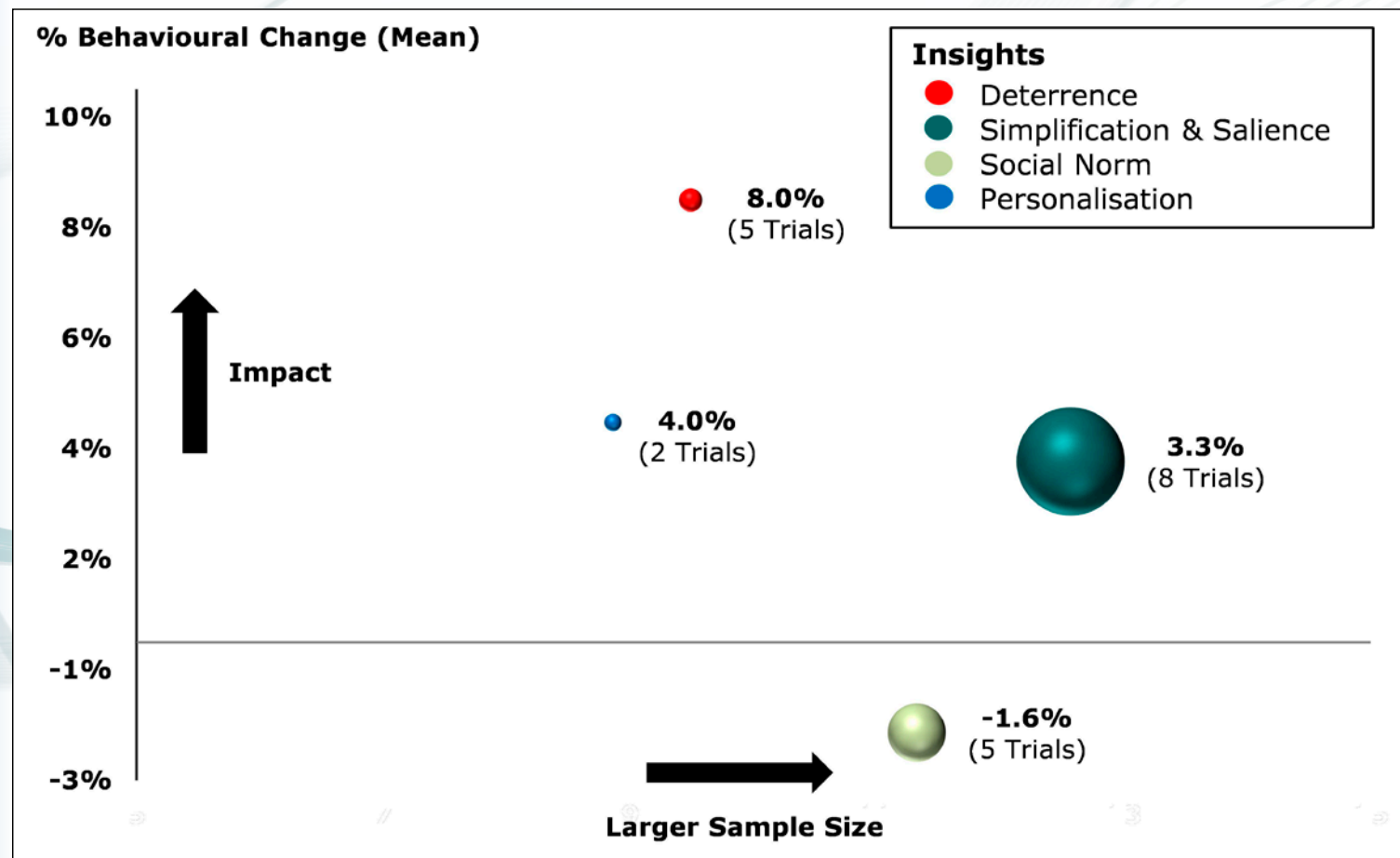


Figure 1: % Behavioural Change (Vertical Axis) & Sample Size (Bubble Size).

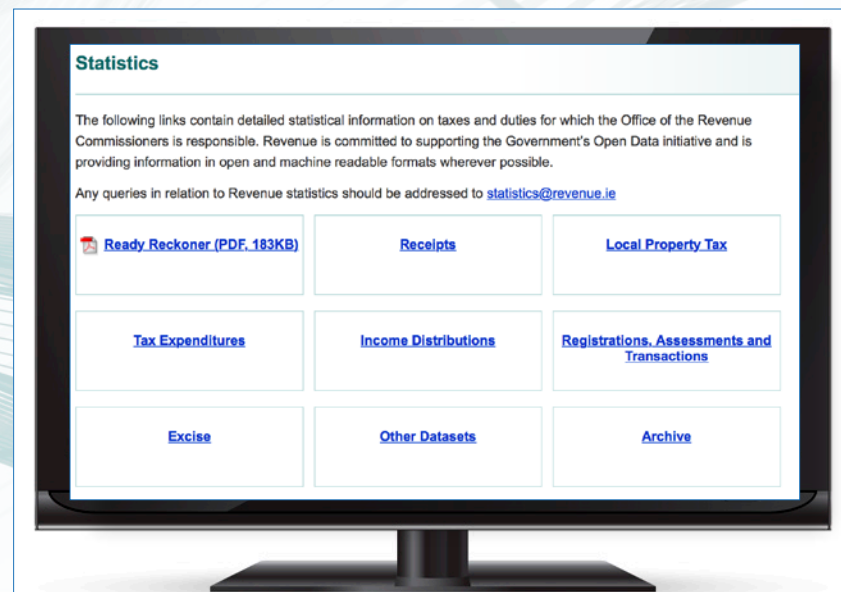
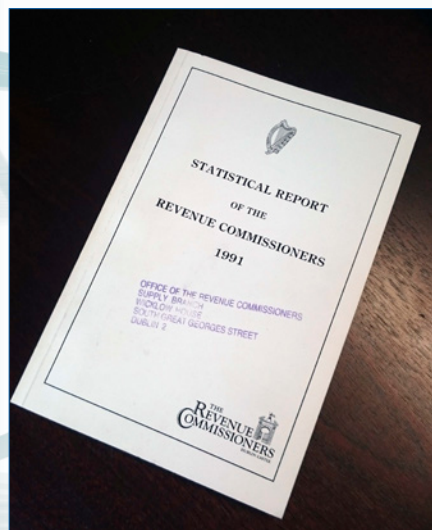


## Feature Article 9: Revenue Statistics & Open Data

We continued to enhance and expand our published [statistics](#) and [research](#) papers throughout 2016. Revenue is an important source of independent information on economic and fiscal data in Ireland. As recognised in the National Statistics Board Strategy for Statistics 2015-2020, publication encourages accountability, strengthens public debate and improves the evidence base for decision making. Our publications are used by members of the Oireachtas, researchers and various other interested bodies.

The Revenue Statistics webpage now presents nearly 100 data tables and other publications in respect of tax receipts, costs of allowances, credits and reliefs, research papers and survey information. The most frequently accessed are the Ready Reckoner, Resident Charities and Approved Bodies statistics and Local Property Tax statistics. In 2016, we also updated our profile of the Farming sector, as well as reports on the High Income Individuals Restriction and the Special Assignee Relief Programme. We also published for the first time in 2016 a review of Corporation Tax payments and the results of a survey of agents (for example, accountants and tax advisors engaged by taxpayers to assist them with their tax affairs).

All statistical information published by Revenue is viewed through an Open Data lens. The Government Open Data initiative envisions that non-sensitive or non-personal public sector data and content can be freely used, modified and shared by anyone for any purpose to make citizens lives better. In practice this has meant that Revenue has changed how we publish data and what data we publish. Datasets published by Revenue comply with the national open data standards in terms of format, licensing arrangements and metadata and are also accessible through the National Open Data Portal. As a result Revenue data is significantly easier to find and use. To-date Revenue has published 74 datasets in open data format and this is increasing (with a focus on user needs).



## Feature Article 9: Revenue Statistics & Open Data

To build on our reputation for publishing of timely and independent statistics, in 2016 Revenue has sought “[Official Statistics](#)” designation for our published statistics. This Eurostat quality mark is administered by the CSO in Ireland and certifies that statistics have been compiled in compliance with best practice approach of the Irish Statistical System Code of Practice (ISSCoP). Revenue is the first Government department to apply to the CSO for this quality mark and we are acting as a pilot for the application process. We expect to successfully complete the certification in 2017.

Confidentiality is central to Revenue's relationship with our customers. We also recognise the value of providing a broad range of statistical insights gathered from the administration of the tax system. In 2016 Revenue published a [Statistical Disclosure Controls](#) document which outlines our approach to ensuring the balance between the need to inform society and safeguarding taxpayer confidentiality are achieved in the production of Revenue statistics.



## Strategic Driver 4: Policy & Legislation

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

### Finance Act 2016

We provided advice and drafted the legislation in relation to the Finance Act 2016. The main legislative provisions included in the Act were as follows:

- ➔ Introduction of an income tax (including DIRT) rebate for first-time purchasers of a newly built home. The maximum rebate is €20,000 or 5% of the value of the home, subject to a maximum value of €400,000. For homes valued above €400,000, relief, up to the maximum permitted, is available for purchases up to a value of €600,000 in respect of the period 19 July 2016 to 31 December 2016, and €500,000 thereafter. The qualifying period for the incentive is 19 July 2016 to 31 December 2019.
- ➔ Amendments to the penalty mitigation arrangements currently available to tax defaulters, to withdraw those arrangements, with effect from 1 May 2017, from defaulters whose disclosures are linked to offshore income, gains, property or accounts with financial institutions.
- ➔ Amendments to the provisions relating to the publication of names of tax defaulters to ensure that the publication list will identify those taxpayers who have failed to pay the amounts of tax, interest and penalties identified and to ensure that partial disclosure of a tax liability cannot be used to protect a tax defaulter from having their name published.
- ➔ Changes to the exemption from Capital Acquisitions Tax in relation to the gifting or inheritance of dwelling houses, to restrict the exemption to inheritances of a deceased person's principal private residence and to gifts of dwelling houses made to certain dependent relatives of the donor.
- ➔ Amendments to pension tax legislation to close off certain tax avoidance opportunities involving Personal Retirement Savings Accounts and Retirement Annuity Contracts.
- ➔ Introduction of the new Irish Real Estate Fund regime to ensure that Irish fund vehicles could not be used to avoid paying Irish tax on Irish property transactions.
- ➔ Restricting the ability of qualifying companies, under Section 110 of the Taxes Consolidation Act 1997, to reduce their taxable profits from Irish mortgages.
- ➔ Introduction of an option for farmers to elect out of the income averaging regime for a single year and revert to the normal basis of assessment for that year. Payment of the resulting deferred tax due on the average profit to be due in instalments over the subsequent 4 year period.
- ➔ Amendments to the Living City Initiative including extension of the scheme to lessors of residential

## Strategic Driver 4: Policy & Legislation

property and the removal of the floor area requirements. Additionally, the minimum spend is now set at €5,000 for all elements of the scheme.

- ➔ Amendment of country by country reporting legislation, and replacement of related regulations, to take account of a 2016 EU Council Directive on country by country reporting known as “DAC 4”.
- ➔ Introduction of Section 86A to the VAT Act which provides for the exclusion of certain goods and services from the flat rate addition scheme for farmers where over compensation could occur.
- ➔ Amendment to Section 78A of the VAT Act in order to increase the production threshold which qualifies small breweries for a 50% relief from alcohol products tax from 30,000 to 40,000 hectolitres per annum. The amendment also increased the production threshold for cooperating independent breweries to qualify for the relief from 60,000 to 80,000 hectolitres.
- ➔ A comprehensive statutory regime to apply mineral oil tax at the minimum rate permissible under EU law on natural gas or biogas when used as vehicle fuel, also known as vehicle gas.
- ➔ A provision to address an emerging type of fuel fraud involving substitute fuels. This refers to any product in liquid form other than legitimate fuels that can be used as motor or heating fuel. The new legislative provision allows existing Revenue powers of seizure for breach of excise tax law to apply to these substitute fuels.

## Customs Policy & Legislation

2016 was a year of change to the Customs legislation on both the international and national fronts. At the EU level, a new Union Customs Code, and associated implementing provisions, came into operation on 1 May 2016.

At the national level, the Minister for Finance, Mr. Michael Noonan TD, signed the Customs Act 2015 (Commencement) Order 2016, which commenced the provisions of the Customs Act 2015 on 31 December 2016. The commencement of the Customs Act is another milestone in Revenue's continuing programme of consolidating and modernising tax and duties legislation.

The Minister also signed regulations under the European Communities Act 1972 making a small number of technical changes to the Customs Act 2015, to bring it in line with the new Union Customs Code.

Four other statutory instruments, relating to Customs reporting requirements, also came into operation on 31 December 2016. Two of these related to electronic Customs reports in respect of vessels and aircraft.



## Strategic Driver 4: Policy & Legislation

### Providing Advice

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

During the year we issued comprehensive technical guidelines which address frequently asked questions on the interpretation of the legislation and regulations which implement country-by-country reporting in Ireland. The technical guidelines were prepared following consultation with the Tax Administration Liaison Committee (TALC) and representatives from industry groups and are being updated on an ongoing basis to reflect emerging issues, including ongoing guidance issued by the OECD.



## Strategic Driver 5: International

We aim to maximise our contribution to and influence on international tax. We are committed to playing our part in initiatives to enhance tax transparency and exchange of information between tax administrations.

### International Participation

During 2016, we participated in discussions on a wide range of tax matters at a number of international fora including; the EU, OECD (including the Global Forum on Transparency and Exchange of Information for Tax Purposes), Forum on Tax Administration (FTA), Intra-European Organisation of Tax Administrations (IOTA), World Customs Organisation (WCO) and Fiscalis.

The work of the FTA is overseen by a bureau which is made up of Commissioners from a number of participating tax administrations, including Revenue. There were significant developments in the area of corporate taxation in 2016, at both OECD and EU levels.

### OECD Developments

In relation to the OECD Base Erosion and Profit Shifting (BEPS) Project, during 2016, further technical work was carried out in the areas of aggressive tax planning, tax treaty anti-abuse measures and transfer pricing. Substantial work was carried out on Action 15 where the aim is to create a Multilateral Instrument (MLI), an international agreement to implement the tax treaty changes arising from the BEPS project on a multilateral basis (Multilateral Convention). Please see further detail below on the progress of the Multilateral Convention in 2016.

During 2016 and subsequently, the focus of the BEPS project has been on the creation of an Inclusive Framework and on making sure that the BEPS outputs are implemented by as many countries and jurisdictions as possible including those which were not involved in the production of the BEPS reports. The first meeting of the Inclusive Framework was held in the summer of 2016 and Revenue participated in this meeting. The aim of the Framework is to ensure a level playing field internationally.

A key focus of the Inclusive Framework is to monitor the implementation of the BEPS output. During 2016 the focus has been on implementing the four actions designated as minimum standards and developing appropriate monitoring mechanisms for these. Ireland had already introduced legislation for two of the minimum standard actions in 2015 - Country by Country Reporting (CbCR) as set out in the Action 13 BEPS report and the Knowledge Development Box which is fully compliant with the rules on IP/Patent Boxes as set out in the Action 5 BEPS report. The intention is to meet the requirements under the other two minimum standards, dealing with Tax Treaty abuse and Dispute Resolution through the Multilateral Convention, which Revenue has been actively engaged in throughout 2016.

We continued to represent Ireland's interests at the OECD on transfer pricing matters. This involved additional work on the areas of attribution of profit to permanent establishments, application of the profit split method, financial transactions, implementation of guidance on hard to value intangibles and consequential changes to the guidance on business restructuring.



## Strategic Driver 5: International

### EU Developments

There were very significant EU developments in relation to direct taxation in 2016 with the European Commission launching different packages in January, July and October, each containing significant legislative and policy proposals, including a re-launch of the CCCTB initiative (explained in more detail below). We fully engaged in and contributed to discussion on all of the initiatives. Three Directives on direct tax measures were adopted by Ministers over the course of 2016 with a further Directive expected to be agreed early in 2017.

In January 2016 the European Commission adopted an Anti-Tax Avoidance Package comprising of two legislative proposals, both of which were swiftly progressed and adopted by EU Finance Ministers during the year.

The first proposal was to amend the Council Directive 2011/16/EU on administrative cooperation in the field of taxation (DAC) to increase tax transparency by providing for the mandatory automatic exchange of country by country reports between the tax authorities of Member States (DAC4). Under these new rules, which built upon OECD BEPS Action 13, Multi National Enterprise groups will be obliged to file country by country reports with tax authorities of Member States. The tax authorities will then be under an obligation to automatically exchange these reports with the Member States concerned. The Directive was implemented through Finance Act 2016 and exchange of reports will commence in 2017.

The second proposal was for an Anti-Tax Avoidance

Directive (ATAD) which addresses international tax planning by introducing new, tighter, rules in the areas of Exit taxation and a General Anti-Avoidance Rule (GAAR), and also in relation to three areas which have their origins in the OECD BEPS work, namely: interest limitation rules, a Controlled Foreign Company (CFC) rule (which addresses charging parent companies in respect of profits accruing to foreign subsidiaries) and rules against hybrid mismatches (to eliminate the tax advantage from a range of different hybrid situations). Implementation through domestic legislation is required by 2019, with certain exceptions.

In the second half of the year, the Commission issued a Communication on further measures to enhance transparency and the fight against tax evasion and avoidance featuring another proposal to amend Directive 2011/16/EU as regards access to anti-money-laundering information by tax authorities (DAC 5). This proposal was adopted by Finance Ministers at December 2016 ECOFIN.

On October 25 the Commission presented a third package entitled "Building a fair, competitive and stable corporate tax system for the EU". This package comprised four legislative proposals.

The first of these proposals was for rules to deal with hybrid mismatches involving third countries (which are defined as non-EU countries). This is known as the ATAD 2. When agreeing on the first ATAD in June, the Council invited the Commission to put forward a further proposal on hybrid mismatches involving third countries in order to ensure consistency with the OECD BEPS Action 2 report on hybrids with the aim of achieving Member State agreement by the

## Strategic Driver 5: International

end of 2016. There were significant negotiations on the proposals through November and December 2016 but a small number of open issues remain to be agreed early in 2017.

Detailed negotiations on the other three proposals of the October package will only commence in 2017 – these proposals relate to the Common Corporate Tax Base (CCTB), the Common Consolidated Corporate Tax Base (CCCTB) and Dispute Resolution.

The CCTB proposal lays down common corporate tax rules for how a company calculates its taxable profits in each Member State. The Member State would then apply its own tax rate to those profits. The Consolidation proposal under CCCTB relates to how profits would be attributed to each country in the EU. Consolidation would replace the existing OECD transfer pricing approach with a formula for dividing profits among Member States. The proposal, which was published at the same time as the CCTB will only be tabled for discussion if the CCTB is agreed.

The Dispute Resolution proposal builds on the current EU Arbitration Convention, by maintaining a system of mandatory binding arbitration that would be broadened to all cross-border situations of double income tax imposed on business profits, while adding obligations in relation to results and time constraints.

Aside from legislative developments, progress was made on agreeing an External Strategy for Effective Taxation (including the creation of an EU list of non-cooperative jurisdictions – a third country Blacklist),

on a Recommendation on the implementation of measures against tax treaty abuse, and on the procedural and governance aspects of the EU Code of Conduct Group. That Group also agreed best practice guidelines for the issuance of tax rulings and continued its monitoring work on IP/Patent Boxes in Member States.

Revenue also continued to actively engage with and contribute to transfer pricing issues at the EU Joint Transfer Pricing Forum. The main focus of the work during 2016 was on the use of comparables in the EU. It is expected that the report on this subject will be published in 2017.

In August, the EU Commission announced its decision in its State aid investigation into the tax treatment of certain Irish branches of Apple non-resident companies. Non-resident companies are chargeable to Irish corporation tax only on the profits attributable to their Irish branches. Non-resident companies' profits that are not generated by their Irish branches – such as profits from technology, design and marketing that are generated outside Ireland – cannot be charged with Irish tax under Irish tax law. Revenue cooperated fully with the Commission's investigation – providing all relevant information and explanations which demonstrate that the full amount of tax due from Apple was collected, in accordance with Irish tax law.

### Own Resources

On the international front Revenue is responsible for collecting and accounting for all relevant EU duties and charges. Such duties and charges are known as Traditional Own Resources. Revenue investigates cases of non compliance with EU Customs



## Strategic Driver 5: International

obligations. In 2016 Revenue, in conjunction with the EU Anti-Fraud Office (OLAF) opened 26 Own Resources investigations and identified underpayments amounting to €1.69 million. All these cases are currently under investigation.

In September 2016, the EU Commission (and Eurostat) carried out an audit on the procedures used in the construction of Ireland's VAT Own Resource (VAT OR) account. The VAT OR provides an assessment of the total value of VAT liable goods and services in a given period and is used to determine a portion of Ireland's contribution to the EU budget. These audits are conducted approximately every three years and involve an intensive review by the visiting auditing team of the figures used to estimate Ireland's VAT OR contribution.

The audit provided Revenue and the Central Statistics Office an opportunity to verify the process used to estimate Ireland's VAT OR account, improving its accuracy (and therefore the accuracy of Ireland's contribution to the EU budget) and to lift "reservations" placed on Ireland's account in the previous audit. Following the audit, Ireland has submitted a number of procedural changes to the Directorate General for Budget, in the EU for authorisation. These changes leverage information contained within Revenue tax returns data, and will help optimise the construction, and improve the accuracy, of the VAT OR account for future years.

### VAT Mini One Stop Shop

The VAT Mini One Stop Shop (MOSS) is an optional scheme, in place since 1 January 2015, that allows businesses supplying telecommunications,

broadcasting or e-services to consumers in EU Member States in which they do not have an establishment to account for the VAT due on those supplies via a web-portal in one Member State.

The Irish web portal was developed in advance of 2015 and Revenue encouraged existing and new businesses to register with MOSS in Ireland. This was successfully promoted by Revenue through engagement with national and international business, the Irish Tax Institute, business representative bodies and with international business media for almost two years to highlight and communicate the changes.

The Irish Exchequer benefited by €340 million in the two years 2015 and 2016 (€120 million in 2015 and €220 million in 2016), in VAT retained by Ireland from VAT revenues collected in respect of supplies to other Member States.

### Automatic Exchange of Information

Revenue continued to implement international initiatives to automatically exchange information with the tax administrations of other jurisdictions. See Feature Article 10 on Pages 79 & 80. Revenue had previously implemented legislation to automatically exchange financial account information with the US (FATCA) and with other partner jurisdictions under both the OECD Common Reporting Standard (CRS) and its EU equivalent (DAC2). In 2016, data relating to 2015 was exchanged with the IRS, the US tax authority. The first exchanges under CRS and DAC2 are due by September 2017. In an increasingly globalised economy, this is a significant development that will enhance international tax transparency and

## Strategic Driver 5: International

contribute to improved tax compliance.

The Peer Review of Ireland by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes started in 2016 and the on-site visit took place in December 2016. Ireland's report will be finalised by the Global Forum in 2017.

### Extending our Tax Treaty Network

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

By the end of 2016, Ireland had signed DTAs with 72 countries, all of which are in force. In addition, 4 further DTAs – with Azerbaijan, Ghana, Kazakhstan and Turkmenistan – are awaiting signature.

Details of DTA activity in 2016:

- ➔ New DTAs with Botswana and Ethiopia came into force. Further, replacement DTAs with Pakistan and with Zambia and a Protocol to the German treaty, all of which had been ratified by Ireland in 2015, are now in force.
- ➔ Negotiations were held in respect of a new DTA with Oman, and concluded at the end of the year.
- ➔ Renegotiations were opened with the United States, to revise the existing 1997 treaty.

### Tax Information Exchange Agreements

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

By the end of 2016, Ireland had signed TIEAs with 26 countries, of which 23 were in force. TIEAs with the Bahamas and with Saint Christopher and Nevis have been ratified by Ireland and will come into force when notification of ratification by those countries has been received; a TIEA with Macao was signed recently and will be ratified in 2017; it will come into force when ratified by both countries. TIEAs with Argentina, Dominica and Montserrat all came into force in 2016.

### Multilateral Convention

A significant volume of work was undertaken during the year on the drafting of the Multilateral Convention and an Explanatory Statement. The text of both the Convention and the Explanatory Statement was finalised and adopted in November 2016, following the conclusion of negotiations involving more than 100 jurisdictions, including Ireland.

The Multilateral Convention operates to modify tax treaties between two or more parties to the Convention and to swiftly implement a series of tax treaty measures which will enable all Parties to meet the treaty-related minimum standards that were agreed under BEPS Action 6 on Tax Treaty Abuse



## Strategic Driver 5: International

and BEPS Action 14 on Dispute Resolution. These measures will provide flexibility to accommodate the positions of different countries and jurisdictions while remaining consistent with their purpose to update international tax rules, counter treaty abuse and improve dispute resolution mechanisms.

Follow up work in updating Ireland's existing DTAs to incorporate anti-BEPS measures and tax treaty related measures under the Multilateral Convention will continue in 2017. This will include incorporation of anti-BEPS measures in the replacement DTA with the Netherlands, negotiations on which concluded in 2016. The measures will also be incorporated into any new or replacement DTAs as appropriate.

### Mutual Agreement Procedures and Advance Pricing Agreements

During 2016 Revenue, as the competent authority under our tax treaties, continued to engage with the competent authorities of other countries to eliminate double taxation resulting in the completion of 7 cases. This work included Mutual Agreement Procedure (MAP) negotiations, provided for under Ireland's network of double taxation agreements and the EU Arbitration Convention. Ireland agreed to enter into bilateral Advance Pricing Agreement (APA) discussions with other Competent Authorities in appropriate cases. See Tables 28 and 29 on pages 105 & 106.

We also actively participated in the OECD sub-group which successfully developed the provisions necessary to implement mandatory binding arbitration for resolving international tax disputes. In this respect, Ireland is one of 20 countries that

have committed to provide for mandatory binding MAP arbitration in their bilateral tax treaties as a mechanism to improve the resolution of treaty-related disputes.

During 2016 we continued to participate in the Forum on Tax Administration ("FTA") MAP Forum. Arising from Action 14 of the BEPS Action Plan on Dispute Resolution, countries, including Ireland, committed to having their compliance with the Action 14 minimum standard reviewed and monitored by their peers. As part of this process, Ireland will be subject to peer review in Q4 2017. An updated Dispute Resolution Profile for Ireland was provided to the OECD during 2016 and has been published on the OECD website. The profile contains general guidance on preventing disputes, availability and access to MAP and the resolution of MAP cases.

### Bilateral Advance Pricing Agreement Guidelines

In June 2016, we issued guidelines on the operation of Ireland's bilateral Advance Pricing Agreement programme. A bilateral APA is an agreement between two tax administrations, concluded under the relevant Double Taxation Treaty, which governs the tax treatment of future transactions between connected taxpayers in two countries, typically addressing the transfer pricing of those transactions. Essentially, an APA makes the tax treatment of relevant transactions clear for all concerned – the tax administrations of each country and the taxpayer – for a fixed period of 3 to 5 years. The introduction of the guidelines is consistent with an OECD recommendation arising from the BEPS project that



## Strategic Driver 5: International

countries' tax administrations should implement bilateral APA programmes to provide greater certainty in relation to the taxation of cross-border transactions.

### Customs

EU legislation introducing the new Union Customs Code (UCC) came into effect at the end of 2016. The UCC will streamline Customs practices across Member States, delivering efficiencies and reducing the administrative burdens for businesses. Revenue participated in discussions on the drafting of implementing legislation and guidelines which supports the UCC.

Revenue also participated in the workshops on the implementation of the WTO Trade Facilitation Agreement (TFA) in the European Union. The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between Customs and other appropriate authorities on trade facilitation and Customs compliance issues. Much work and refinement is required over the coming years and this will cut across most areas of Customs activity to one extent or another and Revenue will continue to play an active role in the discussions concerning implementation of the TFA.

We participated in high level discussions on Customs matters within the framework of the EU Council. The meetings are chaired by the EU Council Presidency and the discussions focus on strategic Customs issues affecting EU Member States.





## Feature Article 10: EU and OECD Exchange of Information Requirements in Respect of Tax Rulings

As part of efforts to tackle aggressive tax planning and corporate tax avoidance, the European Union (EU) and the Organisation for Economic Co-operation and Development (OECD) have adopted initiatives to strengthen exchange of information between tax authorities in the area of tax rulings.

In December 2015, the EU adopted a Council Directive which provides for the mandatory automatic exchange of information on 'advance cross-border rulings' and 'advance pricing arrangements' provided to companies and other entities in respect of all taxes (other than VAT, Customs Duties, Excise Duties, and compulsory social security contributions). Advance cross-border rulings that exclusively concern the tax affairs of individuals are specifically excluded.

The Directive applies to relevant rulings issued, amended or renewed on or after 1 January 2017 and to certain past rulings issued in the preceding 5 years. The Directive has been transposed into Irish law by way of regulations and by Finance Act 2016 introducing a new Section 891GA into the Taxes Consolidation Act 1997.

In addition, as part of Action 5 of the OECD/G20 Base Erosion and Profit Shifting (BEPS) project, the OECD adopted a framework that provides for the compulsory spontaneous exchange of information in respect of certain categories of rulings. This framework applies to relevant rulings issued on or after 1 April 2016 and to certain past rulings issued on or after 1 January 2010. The following five categories of rulings are currently subject to compulsory spontaneous exchange under the OECD framework:

- Cross-border rulings related to preferential regimes;

- Cross-border unilateral advance pricing arrangements or other cross-border unilateral tax rulings covering transfer pricing or the application of transfer pricing principles;

- Cross-border rulings that provide for a unilateral downward adjustment to a taxpayer's taxable profits that is not directly reflected in the taxpayer's financial or commercial accounts;

- Permanent Establishment (PE) rulings, i.e. rulings that concern the existence or absence of a PE or the attribution of profits to a PE; and

- Related-party conduit rulings.

While Ireland does not have a system of binding tax rulings, in certain limited circumstances, Revenue will provide opinions on the application of tax law to particular transactions or situations. These opinions are not legally binding on the taxpayer or the tax administration and it is open to Revenue officers to review the position when a transaction has been completed and all the facts are known. However, Revenue will generally abide by such opinions where it can be shown that all relevant information was disclosed at the time the opinion was sought and





## Feature Article 10: EU and OECD Exchange of Information Requirements In Respect of Tax Rulings

the information as then disclosed does not diverge from the actual facts.

Where such an opinion comes within scope of the exchange of information requirements provided for in the EU Directive, the OECD framework, or both, Revenue will communicate details of the opinion to relevant countries. For exchanges under the EU Directive, Revenue will also communicate a sub-set of information to the European Commission. The exchange of information requirements provided for in the EU Directive also apply to the bilateral advance pricing agreements that Revenue enters into with other tax administrations.

It is ultimately up to Revenue to determine whether an opinion is subject to exchange under the EU Directive, the OECD framework or both. Where an opinion is subject to exchange under these requirements, Revenue will advise the taxpayer, or the tax practitioner acting on its behalf. Where the opinion is subject to exchange under the OECD framework Revenue will also identify to the taxpayer or tax practitioner the countries with which information will be exchanged.

Full details on the application of Council Directive (EU) 2015/2376<sup>1</sup> and the OECD framework can be found in tax and duty manual 'Part 35-00-01 - Revenue Arrangements for Implementing EU and OECD Exchange of Information Requirements in Respect of Tax Rulings<sup>2</sup>', which is available on the Revenue website [here](#).

<sup>1</sup> Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation

<sup>2</sup> European Union (Administrative Cooperation in the Field of Taxation) (Amendment) Regulations 2016 (SI No. 619 of 2016)



Our governance structures are designed to enable us to achieve our strategic goals, deliver our business programmes cost-effectively, and meet all relevant regulatory requirements. In accordance with Action 3 of the Civil Service Renewal Plan, our Corporate Governance Framework was updated in 2016 and is available on our [website](#). In 2016, with a change in Government, we also published a new Statement of Strategy: 2017-2019. This is available on our website [here](#).

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

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

The Office of the Comptroller and Auditor General (C&AG) audits the account of receipt of revenue of the State collected by Revenue. The account for the year ended 31 December 2016 is available on our website. The C&AG also audits Revenue's Annual

Appropriation Account. The audited accounts are included in the "Report on the Accounts of the Public Services" and will be available on <http://www.audgen.gov.ie/>. In addition the C&AG carries out examinations on a cyclical basis. Matters arising from these examinations are published in Reports of the C&AG. Matters reported on include tax collected, expenditure, systems, procedures and practices as well as in-depth examinations of selected Revenue activities. As Accounting Officer, the Chairman appears before the Committee of Public Accounts to deal with issues arising from Reports by the C&AG and other matters relating to the activities of the Office that the Committee wishes 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.



## Managing Corporate Risk

Our Corporate Risk Framework was actively monitored and updated by our Risk Management Committee in 2016 and ensures that appropriate actions are taken to mitigate risks that could impact on the achievement of Revenue's corporate objectives.

## Internal Audit

Internal Audit is an independent appraisal function that operates as a service to the Board, the Management Advisory Committee (MAC) and senior management. Its role within the system of governance and accountability in Revenue is to provide independent objective assurance that the systems, processes and procedures that underpin Revenue's operational activities are properly and effectively managed, or otherwise to recommend appropriate corrective measures.

Internal Audit operates with the direct authority of the Board and under the general supervision and guidance of the Audit Committee. The Director of Internal Audit has direct access to the Chairman, as Accounting Officer, and reports functionally to the Board and administratively to the Assistant Secretary of the Corporate Services Division. The Director of Internal Audit maintains an independent reporting line to the Audit Committee on audit and risk-related matters.

Risk-based planning, informed by a recently configured Internal Audit Universe, underpins the annual programme of audit engagements. 30 audit engagements, comprising 14 internal audits and 16 follow up audits, were completed in 2016.

## Audit Committee

In accordance with civil service governance arrangements, the Audit Committee provides advice and assurance to the Revenue Board and Chairman as Accounting Officer. The Audit Committee is appointed by the Revenue Board and has significant external representation.

The Audit Committee oversees the Internal Audit function in Revenue and advises the Board in relation to the operation and development of that function. The Committee assesses governance arrangements including risk management and internal controls. The Committee met six times in 2016.

### Audit Committee Membership

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



## Oireachtas Committees

In 2016, the Chairman and Revenue officials appeared before a number of Oireachtas Committees, including the Committee of Public Accounts, the Select Committee on Budgetary Oversight, the Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach and the Select Sub-Committee on Finance of that Committee.

## Ethics in Public Office Acts 1995 and 2001

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

## Civil Service Code of Standards and Behaviour

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

## The Civil Service Regulation (Amendment) Act 2005

The Civil Service Regulation (Amendment) Act 2005 gives each Secretary General/Head of Scheduled Office, responsibility for managing all matters

relating to performance, conduct and discipline of civil servants below Principal Officer level (Ministers and Government continue to be the appropriate authority for these matters in relation to civil servants at or above Principal level).

## Protected Disclosures Act 2014

Revenue is committed to fostering an appropriate environment for addressing concerns relating to potential wrongdoing in the workplace and to providing the necessary support for staff who raise genuine concerns. The Protected Disclosures Act 2014 requires every public body to establish and maintain procedures for dealing with protected disclosures and to provide written information relating to these procedures to workers.

The Director of Internal Audit in Revenue is a 'prescribed person' to receive disclosures from employees, other than Revenue employees, relating to all matters associated with the assessment, collection and management of taxes and duties and the implementation of Customs controls. During 2016 one such disclosure was received by the Director of Internal Audit. The matters disclosed are currently under enquiry with Revenue.

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

## Regulation of Lobbying Act 2015

In accordance with Section 6(4) of the Regulation of Lobbying Act 2015 the names, grades and brief details of the role/responsibilities of the "Designated Public Officials" in the Office of the Revenue Commissioners are published on the Revenue

[website](#).

## Data Protection

Our main focus is to protect the integrity of data which is supplied to us by our customers and third parties. In 2016 we undertook several initiatives to increase awareness of and improve compliance with data protection in Revenue. These included a mini-tutorial on data protection which all staff were required to read and the provision of Data Protection Awareness talks to over 700 staff. In addition, as a security feature, a Revenue-wide restriction on emailing spreadsheets to external recipients, other than through designated “Gatekeepers”, was introduced in December.

Revenue will continue to review its data protection obligations and controls to ensure the safety of personal information held and to prepare for the new EU General Data Protection Regulations (GDPR) which come into effect in May 2018. As part of these preparations the Data Protection Commissioner, Ms Helen Dixon, addressed the MAC to discuss data protection in Revenue and the implications of the new GDPR.

## Other Governance Activities in 2016:

- ➔ Revenue continues to work with the Department of Public Expenditure and Reform to ensure the efficient and effective operation of the Freedom of Information Act 2014. The number of FOI requests increased from 234 in 2015 to 298 in 2016. See Table 30 on page 106.

- ➔ The Cost of Administration as a % of Gross Collection was 0.76%.
- ➔ Customers who are dissatisfied with Revenue’s handling of their tax affairs can have their case reviewed either internally by a senior Revenue officer or by an External Reviewer. Revenue received requests for 1 Internal and 12 External Reviews in 2016. See Table 31 on page 107.
- ➔ The Ombudsman received 94 complaints relating to Revenue and finalised 96 complaints (including 2 from earlier years). See Table 32 on page 107.
- ➔ 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 108. 96.78% of all payments were made within 15 days. Revenue’s Prompt Payment Returns are published on our website [here](#).
- ➔ The Chairman’s office coordinated responses to 847 Parliamentary Questions and responded to 196 Representations from Public Representatives, details of which are published on the Revenue [website](#).
- ➔ Revenue continued its commitment to energy saving in the workplace. We strengthened our involvement in the OPW Energy Awareness Campaign ‘Optimising Power @ Work’. Currently there are Energy Teams operating in 41 of our offices. Revenue is also examining the feasibility of acquiring an ISO 50001 accreditation for energy management.



# Assistant Secretaries



**John Barron**

Information, Communications Technology and Logistics Division

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.



**Brian Boyle**

Personal Taxes Policy and Legislation Division

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).



**Philip Brennan**

Dublin Region

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.



**Tony Buckley**

Corporate Affairs and Customs Division

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.

## Assistant Secretaries



**Eugene Creighton**  
Large Cases Division

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.



**Paul Dempsey**  
Corporate Services and Accountant General's Division

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.



**Michael Gladney**  
Collector General's Division

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.



**Gerry Howard**  
Business Taxes Policy and Legislation Division

Policy, legislation and interpretation functions for corporation tax, incentives, financial services (including capital gains tax).





## Assistant Secretaries



**Joe Howley**

Border Midlands West (BMW) Region

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), the National Prosecutions & Seizures Office and the ROS Helpdesk national functions.



**Marie-Claire Maney**

Revenue Solicitors Division

Investigations and Prosecutions Division

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.



**Gerard Moran**

Indirect Taxes Policy and Legislation Division

Responsible for the development of indirect tax policy at national and EU level and managing the policy, legislation and interpretation functions for all indirect taxes (VAT, Excises and Vehicle Registration Tax).



**Eamonn O'Dea**

International Tax Division

Responsible for managing direct taxes international functions including EU, OECD and Double Taxation Agreements.



## Assistant Secretaries



**Charles Phelan**  
South West (SW) Region

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.



**Declan Rigney**  
Planning Division

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.



**Breda Ruddle**  
East & South East (ESE) Region

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.





**Table 1:**  
**Total Amount**  
**Collected/Gross**  
**Receipts**

	2016 €m	2015 €m
Income Tax Income Levy & USC	20,974	20,188
Value-Added Tax	16,558	15,432
Corporation Tax	8,206	7,657
Excise	5,842	5,515
Stamp Duties	1,215	1,321
Capital Gains Tax	839	710
Capital Acquisitions Tax	419	405
Customs	312	333
Local Property Tax	468	474
Collections on behalf of other Departments/Agencies	10,758	9,914
<b>Total</b>	<b>65,591</b>	<b>61,949</b>

# Tables

## Table 2: Total Revenue/ Net Receipts

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

1. Other income taxes comprises Net Relevant Contracts Tax and Back Duty.
2. 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.
3. 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.
4. The figures for 2016 Net Receipts are some €90 million more than the comparable figure for tax revenue receipts published in the end of 2016 Exchequer Returns because of timing and accounting procedures.

Duties Taxes & Levies	2016 Net Receipts € (m)	2016 Budget Estimates € (m)	2016 Net Receipts +/- Budget Estimates € (m)	2015 Net Receipts € (m)
PAYE Income Tax	11,985	11,812	173	10,950
PAYE USC	3,287	3,538	-251	3,640
<b>Total PAYE Taxes</b>	<b>15,272</b>	<b>15,350</b>	<b>-78</b>	<b>14,590</b>
Self Assessed Income Tax	1,915	1,673	242	1,434
Self Assessed USC	681	458	223	534
<b>Total Self Assessed Tax</b>	<b>2,596</b>	<b>2,131</b>	<b>465</b>	<b>1,968</b>
Life Assurance Exit Tax	228	200	28	247
Deposit Interest Retention Tax	170	299	-129	300
Professional Services Withholding Tax	583	570	13	564
Dividend Withholding Tax	272	375	-103	600
Income Levy	2	0	2	3
Other Income Taxes (1)	49	70	-21	71
<b>Net Yield – Taxes on Income</b>	<b>19,173</b>	<b>18,995</b>	<b>178</b>	<b>18,344</b>
VAT – On Imports	1,546	1705	-159	1,577
Internal VAT (Including VAT MOSS)	10,894	11,155	-261	10,361
<b>Total Value Added Tax</b>	<b>12,440</b>	<b>12,860</b>	<b>-420</b>	<b>11,938</b>
Excise (2)	5,801	5,813	-12	5,463
Corporation Tax	7,352	6,615	737	6,873
Stamp Duty on Shares	410	498	-88	424
Stamp Duty on Property	389	386	3	301
Other Stamp Duty	380	436	-55	551
<b>Total Stamp Duties</b>	<b>1,180</b>	<b>1,320</b>	<b>-140</b>	<b>1,276</b>
Capital Gains Tax	819	590	229	692
Capital Acquisitions Tax	415	375	40	400
Customs (3)	311	390	-79	331
Local Property Tax	463	440	23	469
<b>TOTAL (4)</b>	<b>47,954</b>	<b>47,398</b>	<b>556</b>	<b>45,786</b>



## Tables

**Table 3:**  
**Local Property**  
**Tax Collection/**  
**Compliance for Tax**  
**Year 2016**

	2016	2015
Properties Returned	1.88 million	1.89 million
Compliance Rate	97%	98%
Net Tax Collected (millions)	€443*	€431

*\* Local Property Tax receipts in Table 2 reflect €463 million payments collected during 2016, €387million of which relate to the LPT for the tax year 2016 (the remainder are late payments for 2013 to 2015 and prepayments for 2017). LPT receipts in Table 3 reflect €443 million LPT payments collected for the tax year 2016 (€387million received in 2016, €48 million in 2015 and €8 million to 31 March 2017).*

**Table 4:**  
**Local Property Tax**  
**Payment Methods**

Payment Methods	% of Payments
Annual Debit Instruction*	0.7%
Credit Card	5.2%
Debit Card	16.8%
Direct Debit	21.9%
Single Debit Authority	21.2%
Deduct At Source**	13.8%
Service Provider***	11.0%
Other Payment****	9.5%

\* Annual Debit Instruction elective payment for one year or multiple years.

\*\* This payment type, which includes mandatory deduction, is operated from salary, occupational pensions, certain Department of Social Protection payments and payments from the Department of Agriculture, Food and the Marine.

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

\*\*\*\* Includes cheques, cash and cross tax-head transfers.

## Tables

**Table 5:**  
**Relevant Contract**  
**Tax**

Contracts/Payments notified to Revenue*	No./Value	% Change 2016 v 2015
No. of Contracts	471,675	27%
Value of Contracts	€38,207.72m	16%
No. of Payment Notifications	1,080,297	15%
Value of Payments	€13,908.44m	17%

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

**Table 6:**  
**MyAccount Usage**

myAccount Service	2016 Usage
PAYE Anytime Users	3,416,743
Local Property Tax	141,151
Home Renovation Incentive	115,605
From 12	668,230
My Enquiries	896,008
Electronic Tax Clearance (eTC)	177,467
Budget Calculator	97,270
Drivers and Passengers with Disabilities (DPD)	107,194
Tax Registrations	115,723
VRT Certificates of Conformity	13,152
RevPay (Pay Now)	58,575
RevPay (View History)	107,109
Total Usage	6,088,258





## Tables

**Table 7:**  
**Electronic Business**

	2016	2015	% Change
No of Payments	2,023,851	1,880,210	8%
Value of Payments	€50.62bn	€47.12bn	7%
No of Repayments	784,173	664,257	18%
Value of Repayments	€5.35bn	€4.54bn	18%
No. of Returns	5,633,073	5,314,703	6%

**Table 8:**  
**Diesel Rebate Scheme**

Total Number of Customers	Total Number of Claims	Total Value of Claims	Number of Claims Repaid	Amount Repaid	Amount Offset*	Amount Still to be Repaid
624	1,321	€594,857	1,281	€478,998	€51,477	€64,382

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



## Tables

Table 9:  
Volume of Business

Activity	Volume in 2016	% Change 2016 vs 2015
PAYE Employments	2,622,300	4.4%
Self Assessment Income Tax	686,863	3.2%
Companies	183,628	4..3%
VAT Registrations	252,006	1.04%
<b>1890 Contacts</b>		
<b>1890 Telephone Calls Answered*</b>	<b>2,477,167</b>	<b>21.7%</b>

*\*Includes 347,689 calls in respect of Local Property Tax handled by an external service & 183,331 calls answered on the 1890 Business Taxes line, which was new in 2016.*





## Tables

**Table 10:**  
**Customer Service**  
**Standards &**  
**Results**

Service	Standard	Results 2016
Complaints	Processed within 20 working days	78%
Telephone Service: PAYE 1890 calls	50% within 30 secs	59% within 30 seconds
<b>Telephone Service: PAYE 1890 calls</b>	85% within 3 mins	91% within 3 minutes
Telephone Service: PAYE 1890 calls	100% within 5 mins	98% within 5 minutes
Telephone Service: Other calls answered	50% within 30 secs	59% within 30 seconds
Telephone Service: Other calls answered	85% within 3 mins	91% within 3 minutes
<b>Telephone Service: Other calls answered</b>	100% within 5 mins	98% within 5 minutes
Registrations	PAYE Customers registering for <b>myaccount</b> , 90% of passwords will be issued within 5 working days	80%
Registrations	Business customers registering for ROS, passwords will normally be issued within 8 working days	100%
Returns, Declarations, Applications	ROS 100% processed within 5 working days	100%
Returns, Declarations, Applications	Non ROS 80% processed within 10 working days	88%
Returns, Declarations, Applications	Non ROS 100% processed within 20 working days	93%
Returns, Declarations, Applications	AEP Immediate Response	99%
Repayments - ROS	100% processed within 5 working days	87%
Repayments - NON-ROS	80% processed within 10 working days	77%
<b>Repayments - NON- ROS</b>	100% processed within 20 working days	91%
Correspondence, e-mail, fax	50% 10 working days	63%
Correspondence, e-mail, fax	85% 20 working days	81%
Correspondence, e-mail, fax	100% 30 working days	90%
<b>Applications for Tax Clearance Certificates</b>	Manual - 100% processed within 5 working days	73%
Application for Non-Resident Tax Clearance Certificates	100% processed within 5 working days	99%
Applications for Standards in Public Office Tax Clearance Certificates	100% processed within 5 working days	100%



## Tables

**Table 11:**  
**Average Percentage**  
**of Tax Collected**  
**Within the Due**  
**Month (by Tax)**

Taxhead	
PAYE/PRSI	96%
VAT	92%
Income Tax (non PAYE)	98%
Capital Gains Tax	93%
Corporation Tax	98%
Relevant Contract Tax	91%

**Table 12:**  
**Return/Payment**  
**Compliance by**  
**Case Size**

Case Size	Due Month Compliance 2016	Due Month+1 Compliance 2016
Large Cases*	96%	99%
Medium Cases	93%	98%
Other Cases	77%	87%

*\*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 tax in a year, a Medium Case is a customer paying between €200,001 and €500,000 and an Other Case is a customer paying €200,000 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.*



## Tables

**Table 13:**  
**Collection**  
**Enforcement**  
**Programmes**

Enforcement	No. of Cases	No. of Referrals	Value of Referrals (€m)	Yield (€m)
Solicitor	2,883	3,354	130.5	29.9
Sheriff	28,115	36,632	268.6	148.6
Attachment	4,120	5,834	166.4	31.8
Total	35,118	45,820	565.5	210.3

**Table 14:**  
**Oversight of**  
**Corporate and**  
**Personal**  
**Insolvency**

	2016	% Change 2016 vs 2015
Companies wound-up via Creditor Voluntary Liquidations	584	-19.45%
Companies wound-up on foot of a Court Order	54	3.85%
Receiverships	357	37.31%
Examinerships	22	-29.03%
Declared Bankrupt (individuals)	542	2.65%
Irish Bankruptcies	519*	2.37%
of which Revenue petitioned	6	-36.36%
Creditor Meetings Attended	198	-4.35%
Revenue petitions to High Court for Appointment of a Liquidator	30	25%

*\* This figure refers to cases where persons were declared bankrupt in Irish Courts. Notification was also received in relation to 23 cases where the bankruptcy was declared outside Ireland and Revenue was a creditor.*

## Tables

**Table 15:**  
**Relevant Opinions**  
**Provided to**  
**Companies & Other**  
**Entities**

Category of Opinion	Number 2016
Trading Opinions	4
Reconstructions and amalgamations	54
Exemption from tax in respect of gains on certain share disposals	2
Elections to Tonnage Tax Scheme	5
Advance clearances provided in line with SP CT/01/10	6
Opinions on the availability of interest relief for loans applied to acquire share capital in, or provide loan finance to, a trading company or a company holding shares in a trading company	5
Other opinions relating to withholding taxes	17
Other opinions relating to Stamp Duty	59
Trade benefit test/share buybacks*	74
Miscellaneous	28
<b>Total</b>	<b>254</b>

*\* It should be noted that while these opinions were granted to companies, they address the liability of shareholders.*

*For the purpose of this table, the term opinion refers to: the pre-transaction opinions or interpretations that Revenue provides, also referred to as confirmations or advance opinions; advance approvals or clearances that are required in certain circumstances under legislation or Revenue administrative practice for a particular tax relief or tax treatment to apply; post-transaction opinions given in advance of the filing of the relevant return.*





## Tables

**Table 16:**  
**Audit and**  
**Compliance**  
**Intervention**  
**Activity**

Type of Intervention	Completed (2016)	Yield (€m)	Completed (2015)	Yield (€m)
Comprehensive (All Tax Heads) Audit	3,665	117.7	4,324	229.0
Multi Tax/Duty Audits	735	27.7	617	39.5
Single Tax/Duty Audits	1,687	57.6	1,405	40.6
Single Issue/Transaction Audits	86	44.9	266	18.8
<b>Total Audit Intervention</b>	<b>6,173</b>	<b>247.9</b>	<b>6,612</b>	<b>327.9</b>
Risk Management Interventions	198,491	274.9	191,089	289.5
Assurance Checks	293,173	8.7	221,391	7.8
PAYE Compliance Checks	39,329	14.1	42,493	16
Investigations	38	10.7	6	1.3
<b>Total Interventions</b>	<b>537,204</b>	<b>555.6</b>	<b>461,591</b>	<b>642.5</b>

**Table 17:**  
**Random Audits**  
**completed 2015 v**  
**2016**

	2016 Programme	2015 Programme
Sample Size	400	400
Completed	290	270
Total Yield	€239,941	€912,648
With Yield	125	100
Nil Yield	165	170



## Tables

**Table 18:**  
**Special**  
**Investigations**

Investigations	2016 Yield €m	2015 Yield €m
Offshore Assets	7.72	8.22
Life Assurance Products - SPIP	0.15	0.05
Interest Reporting - Voluntary Disclosure	0.10	0.51
<b>Total</b>	<b>7.97</b>	<b>8.78</b>

**Table 19:**  
**Summary**  
**of Sectoral**  
**Intervention**  
**Results**

Sector	No. of Audits	Yield €	Risk Management Interventions (RMI)	Yield €	Total Interventions	Total Yield €
Construction	1,065	27,348,514	16,736	27,389,596	17,801	54,738,110
Retailers	501	20,793,863	8,312	13,998,526	8,813	34,792,389
Rental	411	22,392,377	4,633	21,535,536	5,044	43,927,913
Wholesalers	350	9,972,129	5,413	34,115,590	5,763	44,087,719
Pubs	188	2,766,086	2,301	2,678,639	2,489	5,444,725
Restaurants and Fast Food Outlets	153	5,055,520	2,502	2,735,402	2,655	7,790,922
Doctors	84	4,999,143	276	2,829,260	360	7,828,403
Accounting, Bookkeeping and Auditing Activities	95	2,871,533	686	2,719,636	781	5,591,169
Legal Activities	65	3,123,899	484	2,765,491	549	5,889,390
<b>Total</b>	<b>2,912</b>	<b>99,323,064</b>	<b>41,343</b>	<b>110,767,676</b>	<b>44,255</b>	<b>210,090,740</b>

*Note: These results are included in overall results on Table 16.*





## Tables

**Table 20:**  
**Publications**  
**in 2016**

Period	Number of settlements and court determined penalties	Settlement and court determined penalties €million	Number less than or equal to €100k	Number between €100k and €500k	Number between €500k and €1 million	Number greater than €1 million
Q1 2016	100	€24.7	48	46	3	3
Q2 2016	101	€17.44	59	34	6	2
Q3 2016	64	€12.74	32	24	8	0
Q4 2016	76	€11.06	47	25	4	0
Total	341	€65.94	186	129	21	5

**Table 21:**  
**Publications by**  
**Sector in 2016**

Sector	Publications
Construction Related	60
Company Directors	29
Publicans	21
Retailers	15
Medical Consultants	12
Landlords	9
Motor Dealers/Related Trade	8
Haulier	7
Engineers	6
Professionals	6
Farmers	6

## Tables

**Table 22:**  
**Drug Seizures**  
**in 2016**

Type of Drug	No. of Seizures	Quantity (kg)	Value (€m)
Cannabis (Herbal & Resin)	1,222	940.7	15.36
Cocaine & Heroin	134	171.7	12.03
Amphetamines, Ecstasy & Others	4,641	565.3	3.10
Total	5,997	1677.7	30.49

**Table 23:**  
**Excisable**  
**Products Seized**  
**2016**

Product	Number of Seizures	Quantity	Value (€m)
Cigarettes	4,965	44.6m	23.5
Tobacco	1,137	1,527kg	0.74
Alcohol (Beer, Spirits & Wine)	1,875	110,058L	0.89
Illicit Mineral Oil	41	356,211L	-
Oil Laundries	1	13,500L	-
Vehicles*	1,588	-	-

*\*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*



## Tables

**Table 24:**  
**Prosecutions for**  
**Serious Evasion**  
**2016**

During 2016	Total
No. of convictions obtained	17
No. of cases referred to DPP	14
No. of cases for which DPP issued directions	11
<b>Total</b>	<b>42</b>
At year end	
No. of ongoing investigations	108
No. of cases where directions issued by DPP but not yet in Courts process	1
No. of cases before the Courts	31
<b>Total</b>	<b>140</b>



## Tables

**Table 25:**  
**Summary**  
**Criminal**  
**Convictions 2016**

Summary cases	No. of Convictions
Cigarette Smuggling	30
Cigarette Selling	86
Alcohol Tax Evasion	4
Counterfeit Spirits	7
Prohibited Goods	0
Commercial Oil	1
Marked Mineral Oil	187
VRT	11
Excise Licence	64
Tax Cases	7
Non-Filing of Tax Returns	573
VAT/P35 Prosecution Programme	34
Intrastat Non compliance	2
<b>Total</b>	<b>1,006</b>
<b>Total fines imposed</b>	<b>2,348,146</b>





## Tables

**Table 26:**  
**Civil Penalties for**  
**not Filing Returns**

Non Filing Programme	Civil Penalties
P35 Penalty Programme	601 Cases, €2,404,000 Fines
VAT Penalty Programme	101 Cases, €404,000 Fines
VIES Non Compliance	0 Cases

**Table 27:**  
**Mutual**  
**Assistance**  
**Request**

Mutual Assistance Requests	Received 2016	Received 2015	Sent 2016	Sent 2015	Closed in 2016	To Hand End 2016
From/To EU Member States	1,484	1,315	673	683	646	700
From/To Other Countries	66	71	25	77	56	36
Total	1,550	1,386	698	760	702	736
Europol Requests	704	768	219	163	704	-

**Table 28:**  
**Mutual Agreement**  
**Procedures (MAP)**

	Opening Inventory 1/1/2016	Initiated During 2016	Completed During 2016	Ending Inventory 31/12/2016
Convention*	29	16	7	38

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

## Tables

**Table 29:**  
**Advance Pricing**  
**Agreements**

	Number of formal APA requests received in 2016	Total number of pre-filing applications received in 2016	Number of APAs granted in 2016	Total Number of APAs in force as of 1/1/2016	Total Number of APAs in force as of 31/12/2016
APAs Under Double Taxation Agreement	1	6	1	8	7

**Table 30:**  
**FOI Requests**

FOI Requests	2016	2015
Received	298	234
Released in Full	72	47
Released in Part	121	105
Refused	59	43
Dealt with Outside of FOI/ Withdrawn/Transferred	46	35
Requests for Internal Review	11	15
Appeals to the Information Commissioner	7	9



## Tables

**Table 31:**  
**Internal & External**  
**Reviews 2016**

Case Details	Internal	External	2016 Total
Requests brought forward	0	7	7
Number received	1	12	13
Number finalised	0	13	13
Decision in favour of taxpayer	0	0	0
Decision against taxpayer	0	12	12
Decision revised/partly revised	0	1	1
Sent to reviewers	0	0	0

**Table 32:**  
**Complaints**  
**Relating to Revenue**  
**Completed by the**  
**Ombudsman 2016**

Total Completed and Outcome	Number of Complaints
Upheld	8
Partially upheld	2
Not upheld	22
Assistance provided	8
Discontinued/Withdrawn	17
Discontinued premature	35
Outside remit	4
<b>Total</b>	<b>96</b>

## Tables

**Table 33:**  
**2016 Compliance**  
**with Prompt**  
**Payment of**  
**Accounts Act**

Payment Made	Number	Value €000	% of Total Payment Value
Within 15 Days	15,176	124,177	96.78
Within 16-30 Days	724	4,111	3.204
In Excess of 30 Days	21	17	0.014
Total	15,921	128,305	100.00
Additional Information	Number	Value €000	
Invoices recorded as disputed in year	0	0	
Interest and compensation paid on late payments	20	1	
Average days taken to make payment	8		





## Appendix 1: Donation of Heritage Items

### 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 2016:

- W.B. Yeats Nobel Prize Medal valued at €1.5 million.
- “Head of a Bearded Man” by Peter Paul Rubens valued at €3.5 million.

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 2016.



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

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



Available via the Revenue Website

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ISSN 16495292

Dublin Castle

April 2017