
STATEMENT OF STRATEGY 2008-2010

Revenue



Statement of Strategy 2008-2010

Office of the Revenue Commissioners

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Foreword

When we published our fifth Statement of Strategy in January 2005 we made it clear that our primary strategic objectives would be improving compliance and maximising revenue collection. We believe that we successfully delivered on those twin objectives during the past three years and that we did so through a focus on high quality service delivery and risk-based compliance interventions.

We would not have achieved these objectives were it not for the ongoing modernisation of the Revenue organisation and, as always, the extraordinary efforts of professional and dedicated staff.

The fundamentals of our strategic approach will not change during the next three years. However, there will be change in the external environment in which we will operate.

The expected slowdown in economic growth will challenge us, not just in revenue collection, but in making sure that we make a real input to improving the competitiveness of the Irish economy and facilitating business growth including inward investment. Societal change brings with it the modern reality of greater drug abuse and a significant challenge for our Customs Service in interdicting illegal supplies.

In our internal environment the key to another successful three years is building on what we have achieved through high quality service and the risk-based approach. There will be ongoing refinement and extensive innovation in each of these areas.

In the service area, for example, we will explore more customised service delivery and push a simplification agenda that makes compliance less burdensome for both business and personal taxpayers.

In the risk area we will make more and more use of the data and technology at our disposal to target the non-compliant and minimise impacts on compliant taxpayers. We intend to vigorously pursue challenges to the tax base from aggressive tax avoidance and we will continue to increase the numbers of prosecutions for serious tax and customs evasion.

Effective tax and customs administration is at the core of Ireland's fiscal, social and economic foundations. Public confidence in Revenue is therefore vital and we value a reputation as a "can do" organisation that is fair and ethical and delivers through innovation.

We intend to enhance that reputation over the life of this Statement of Strategy – one which will take us to the end of the first decade of the new Millennium.

Josephine Feehily
Chairman

Michael O'Grady
Commissioner

Liam Irwin
Commissioner

Dublin Castle
May 2008

Our Mission and our Goals

OUR MISSION

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

OUR GOALS

GOAL 1

Ensure everyone complies with their Tax and Customs responsibilities

GOAL 2

Provide quality and innovative service that supports all our customers

GOAL 3

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

GOAL 4

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

The Revenue Business Context

WHAT REVENUE DOES IS IMPORTANT

Revenue, as the Irish Tax and Customs Administration, plays a critical part in securing Ireland's fiscal, social and economic foundations. Through its role in collecting tax and social insurance contributions Revenue delivers most of the resources that allow Governments to provide programmes and services that improve the quality of life of our people. Tax is also an economic tool through which Governments seek to develop the economy, to redirect resources and to influence behaviours.

Revenue's Customs Service is in the front line in the fight against drugs smuggling and the illegal importation of contraband and counterfeit goods. At the same time the Customs Service facilitates the smooth movement of legitimate trade in goods into and out of the country – trade facilitation is particularly important in a small, open economy such as Ireland's.

REVENUE AND THE COMMUNITY

All modern tax and customs systems depend on strong community norms of compliance. Our main strategic objective is to maximise the "voluntary" level of such compliance. The community now expects – indeed demands – that people and businesses should fully comply with their tax and customs obligations. There is also an increased awareness of the negative impact of tax evasion and tax avoidance on our ability to fund essential services. In turn, the public expect Revenue to help and inform them, not only of their compliance obligations, but also of their entitlements, for example, to tax credits and other available reliefs. We have made good progress in this area and have plans to do even more in the immediate future.

INTERMEDIARIES

Modern tax and customs administration also depends to a large extent on intermediaries: the employers who operate the PAYE system; the accountants, lawyers and others in the tax practitioner community who provide advice and compliance services; the freight forwarders and customs agents who handle the bulk of imports and exports; and the trade associations and representative bodies who can be key facilitators and influencers in relation to the sectors they represent. We value our productive relationship with these bodies and will continue to seek further opportunities to engage with all key intermediaries to improve compliance and simplify tax and customs administration.

Government Programmes

Tax and customs administration does not operate in a vacuum; Revenue works with other Government Departments and agencies to advance strategies and policies set out in agreed programmes.

The strategic context for this Statement is the Agreed Programme for Government “A Blueprint for Ireland’s Future 2007-2012”. Revenue will work to develop, support and implement all aspects of this Programme that are relevant to our operations, particularly those arising from the tax reform agenda (including new measures to support the environment), the work of the Commission on Taxation and regulatory reform.

This Statement also takes account of the strategic framework contained in “Towards 2016” and the National Development Plan 2007-2013. Revenue will work closely with the Department of Finance and other relevant Departments and agencies to advance the realisation of the agendas set out in these and other agreed programmes.

The changing environment

Over the past few years Revenue has adapted and restructured itself to deal with the challenges of a rapidly changing environment. Apart from implementing significant tax and customs legislative reforms, for Revenue these challenges included: an extraordinary increase in our business (see the Table on Page 12); managing the tax implications of the growth in individual wealth; managing the increasing complexities of business models; new technology; a changing workforce impacted by large-scale immigration and new work patterns; and the changing expectations of our customers and our staff.

IMPACT OF SLOWER ECONOMIC GROWTH

The exceptional rate of growth in our customer numbers and volume of business over recent years is likely to slow somewhat over the period of this Statement – in line with the forecast slowdown in economic growth (GNP growth is expected to average 3.3% over the period 2008-2010¹). Slower growth is likely to present a greater challenge for our debt collection efforts and achieving our targets for timely compliance rates.

¹ Department of Finance, Budget 2008

COMPETITIVENESS AND INTERNATIONAL

The quality of Revenue's management of the tax and customs systems can play a major part in improving the competitiveness of the Irish economy, including facilitating inward investment. So also does the quality of the assistance Revenue provides to the Minister through the Department of Finance on the development of tax policy. Simplification, providing clarity on interpretation of the tax and customs codes, and expanding our network of tax treaties are all part of this competitiveness agenda.

Security in international trade continues to present us with particular challenges. We aim to influence policies in this area in a way that facilitates legitimate trade to the greatest extent possible consistent with our security and anti-smuggling responsibilities.

Internationally, there is also a significant agenda at EU level and in other organisations (such as the OECD and the WCO) on customs and tax issues, including cross-border co-operation. In conjunction with the Department of Finance we will seek to influence the developing agenda and articulate Ireland's position on important international issues.

TECHNOLOGY

We have already delivered significant information and communications technology (ICT) based solutions to simplify our systems, cut costs and speed up delivery of our services. Our Revenue On-Line Service (ROS) is widely regarded as one of the best tax on-line filing and payment systems in the world. We will invest further in the use of ICT to deliver even more service options and better and quicker access to our services, particularly through electronic channels, for the public and businesses.

MORE CUSTOMISED SERVICE DELIVERY

There is a growing demand for more customised and personalised forms of service delivery – taking greater account of the fact that people have different preferences, for example, as to the communication channels they wish to use, or the framing and content of information and communications. Revenue has a rich source of data about customers that could be used to tailor and target communications and information campaigns, including the prompting of claims to tax reliefs or credits in appropriate circumstances. We will explore the possibilities of using filtering, analytics and other techniques to provide more customised service delivery.

A GREATER FOCUS ON RISK

Over recent years we have focused increasingly on those who pose the greatest compliance risk. We intend to intensify this focus. Our Risk Evaluation, Analysis and Profiling System (REAP), a computer-based, rules-driven risk scoring system, is central to our systematic approach to dealing with risk. We will use REAP as the principal tool for audit case selection, identifying high-risk sectors or segments in our taxpayer base, and identifying likely instances of undeclared income, gains and other taxable transactions.

We will also develop new audit and compliance programmes to cover areas of emerging risk, including taxes that have grown significantly in recent years (such as Capital Gains Tax and Stamp Duty) and the "PAYE sector", where the risk of undeclared income or gains could increase commensurately with changes to the profile of that sector.

TAX AVOIDANCE AND EVASION

This risk-based approach, combined with more sophisticated use of third party information will enhance our capability to identify and confront tax evasion.

Aggressive tax avoidance and unintended use of legislation continues to present real risks to the tax base and the fairness of the tax system. We intend to intensify our efforts to challenge such arrangements, including proposing legislative solutions, where appropriate.

DRUG INTERDICTION

Combating substance abuse through a concerted focus on supply reduction, prevention, treatment and research is a priority area for Government and the social partners. Revenue, particularly through its Customs Service, is committed to making a real contribution to this goal through effective drug interdiction. To this end, we will develop a specific strategic plan for drug interdiction to cover the period 2008–2010.

Our Organisation

MODERNISATION

We expect the ongoing programme of public sector modernisation to intensify, particularly with a view to delivering high quality services to the public. Modernising measures to be implemented under the terms of "Towards 2016" include open recruitment at senior levels, greater use of competitive processes for promotion, outsourcing of work, shared services and a range of measures to support better mobility and workforce planning.

The modernisation programme is also being driven through initiatives such as the OECD Review of the Irish Public Service, the Organisational Review Programme agreed by the Government in 2007 and the Efficiency Review announced in Budget 2008.

Revenue has been to the fore in recent years in modernising, restructuring and achieving efficiencies. We will participate actively and positively in all of these programmes.

DECENTRALISATION

Revenue is deeply involved in the implementation of the Government's decentralisation programme. During the lifetime of this Statement we will open new decentralised offices in Athy, Navan and Newcastle West, and progress planning for our further decentralisation commitment to Kildare.

OUR STAFF

The objectives we set ourselves in this plan will not be realised without the dedication, technical capability and integrity of our staff. Partnership with our staff and unions will continue to be an important aspect of the management of our organisation.

We face particular challenges in the period ahead arising from a higher than normal staff turnover rate. We will identify the critical gaps in our capability and put structures in place to ensure that these gaps are addressed. This will require new policies that better position us to attract, develop and retain high calibre, highly qualified staff.

Directions and Priorities 2008-2010

Building on the successful outcome of our strategic direction to date, we expect the following significant new directions and priorities to emerge in the next three years:

- We will be much more focussed on risk as a basis for targeting audit and other interventions, and we will expand our traditional audit and compliance programmes into new areas of emerging risk.
- We will put increased emphasis on prosecutions for serious tax and customs evasion.
- We will enhance our ability to identify and challenge threats to the tax base from aggressive tax avoidance.
- We will put a particular focus on tackling the growing threat of drugs smuggling.
- We will provide more customised service delivery, and better targeted communications and information.
- We will push the simplification agenda to make it easier to comply and to claim entitlements.
- We will make sure that we play our part in creating an environment that promotes economic growth and improves Ireland's competitiveness.
- We will become more efficient, doing more with less, using technology and electronic service delivery.
- We will address the main skills and capability gaps in our organisation.

The objectives, strategies and performance indicators set out in this Statement will be monitored and adapted in the light of new developments and scenarios that may unfold over the next three years. We will continue to value the flexibility that Revenue has demonstrated to date in addressing change.

Scale of, and increase in, Revenue's Business 2002-2007

Table 1: Registrations	Volume in 2002	Volume in 2007	% +/- 2002/2007
VAT	234,104	287,171	+23%
PAYE Employments	2.1 million	2.58 million	+23%
Self Assessment (Income Tax)	385,931	580,088	+50%
Companies	114,837	149,261	+30%

Table 2: Contacts	Volume in 2002	Volume in 2007	% +/- 2002/2007
Personal Callers	678,954	946,427	+39%
Telephone Callers	4.38 million	6.37 million	+45%
Visits to the Revenue website (www.revenue.ie)	12,002,304*	13,032,732	+9%

Table 3: Work Items Processed	Volume in 2002	Volume in 2007	% +/- 2002/2007
Correspondence	2,674,394	3,491,678	+31%
Payment items received by Collector General	2,810,907	4,484,156	+59%
PAYE Employee Reviews	491,253	1,179,643	+140%

Table 4: Returns and Declarations	Volume in 2002	Volume in 2007	% +/- 2002/2007
VAT3 Returns	928,561	1,339,697	+44%
Employers (P35) Returns	182,000	214,231	+18%
Income Tax (self assessment) Returns	475,666**	466,692	-1.9%
Corporation Tax Returns	89,620	126,698	+41%
Customs Declarations	854,572	935,785	+10%
Capital Acquisitions Tax Returns	12,583	24,574	+95%

Table 5: Repayments	Volume in 2002	Volume in 2007	% +/- 2002/2007
VAT Claims Received	258,236	336,285	+30%
Income Tax Repayments	139,402	197,341	+42%
Corporation Tax Repayments	15,508	25,709	+66%
Claims Repaid to Non-residents	5,250	17,128	+226%

Table 6: Miscellaneous	Volume in 2002	Volume in 2007	% +/- 2002/2007
Tax Clearance Certificates issued	58,652	158,276	+170%
Vehicles registered	236,943	337,956	+43%
Instruments presented for marking and stamping	206,856	243,053	+18%

* This figure relates to 'hits' on the Revenue website

**2002 was unusual in that there were two filing dates for tax returns in that year

GOAL 1

Ensure everyone complies with their Tax and Customs responsibilities

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

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

STRATEGIES

- 1.1 Ensure efficient collection and timely compliance
- 1.2 Improve compliance through better-targeted interventions
- 1.3 Improve compliance through the application of appropriate sanctions

STRATEGY 1.1

Ensure efficient collection and timely compliance

Internationally Ireland is among those countries that make it easiest for taxpayers to pay their taxes and comply with the tax system. In the 2007 World Bank survey on “Paying Taxes” Ireland ranked highest among EU countries in terms of making it easy to pay taxes and in having the least burdensome compliance requirements.

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

Also by international standards our level of tax debt as a percentage of gross annual collection is exceptionally low.

OUTPUTS	PERFORMANCE INDICATORS												
1. Annual targets for tax and duty collection delivered	<ul style="list-style-type: none"> Annual targets for yield from taxes and duties achieved or exceeded 												
2. More efficient collection of tax and duty debt	<ul style="list-style-type: none"> Any debt over 3 years that is available for collection² will be either enforced or subject to an agreed payment arrangement The level of debt available for collection as a % of gross collection reduced to 1.3% by end 2010 												
3 More taxes and duties paid, and returns and declarations filed, on time	<ul style="list-style-type: none"> By end 2010, the following timely compliance rates³ will be achieved: <table border="1" data-bbox="699 1632 1313 1811"> <thead> <tr> <th>Case Size⁴</th> <th>Due Month Target</th> <th>Due Month +1⁵ Target</th> </tr> </thead> <tbody> <tr> <td>Large cases</td> <td>95%</td> <td>99%</td> </tr> <tr> <td>Medium cases</td> <td>90%</td> <td>95%</td> </tr> <tr> <td>Other cases</td> <td>75%</td> <td>85%</td> </tr> </tbody> </table> 	Case Size ⁴	Due Month Target	Due Month +1 ⁵ Target	Large cases	95%	99%	Medium cases	90%	95%	Other cases	75%	85%
Case Size ⁴	Due Month Target	Due Month +1 ⁵ Target											
Large cases	95%	99%											
Medium cases	90%	95%											
Other cases	75%	85%											

² Debt available for collection is total debt less debt under appeal

³ 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)

⁴ A Large Case is a customer paying over €500,000 in a year, a Medium Case is a customer paying between €75,001 and €500,000 and an Other Case is a customer paying €75,000 or less

⁵ Due month +1 represents compliance within one month of the payment date

STRATEGY 1.2

Improve compliance through better-targeted interventions

We will reduce the level of tax evasion and smuggling and improve compliance with the tax and customs systems through better-targeted audit and other intervention programmes. These will be driven primarily by structured risk assessment and intelligence.

Over the term of this Statement of Strategy, Revenue will respond to the threat posed by drug smuggling through the promotion of co-operation and the exchange of intelligence and proactive profiling of drug trafficking networks with other law enforcement agencies both nationally and internationally and through effective operational interventions.

OUTPUTS	PERFORMANCE INDICATORS
<p>1. Improved compliance levels as a result of better targeted audit and other intervention programmes</p>	<ul style="list-style-type: none"> • The "REAP"⁶ risk analysis model, improved through constant revision of rules and inclusion of new data sources, used as the primary tool for audit case selection from 2008 and REAP progressively extended to PAYE, Excise and Customs risks by end 2010 • A quality assured random audit programme to assess the underlying levels of tax evasion substantially completed by the end of each year • Case intervention programmes targeted to progressively increase the percentage of yielding interventions • A more comprehensive programme to assess compliance in the PAYE sector in place by 2009 • Development of a risk-based CGT compliance programme starting in 2008 • At least 15 projects implemented over the lifetime of this Statement to measure levels of compliance with specific tax and duty reliefs, exemptions and other schemes • Significantly expanded and enhanced computer audit capability beginning in 2008 • Code of Practice for Revenue auditors reviewed in 2008 and revised Code implemented in 2009

⁶ Risk Evaluation, Analysis and Profiling System

OUTPUTS	PERFORMANCE INDICATORS
2. Effective response to increase in drug smuggling	<ul style="list-style-type: none"> • Separate strategic and operational plans for improving success rate in drug interdiction (to include consideration of container scanning and maritime resource) to be finalised in early 2008
3. Effective response to increase in cigarette smuggling	<ul style="list-style-type: none"> • Distribution outlets for smuggled cigarettes to be targeted • 50% increase in seizures of smuggled cigarettes
4. Reduction in evasion of oil and alcohol excises, vehicle registration tax, and trade in counterfeit goods	<ul style="list-style-type: none"> • New tenant warehouse regime implemented in 2008⁷ • Better targeting of enforcement operations reflected in increased seizures • Close co-operation with Her Majesty's Revenue and Customs authorities in relation to cross-border abuses
5. Better use of Revenue's intelligence sources	<ul style="list-style-type: none"> • Feasibility study completed in 2008 on the management of Revenue's intelligence sources with a view to better co-ordination and monitoring of developments
6. More challenges to tax avoidance schemes	<ul style="list-style-type: none"> • Significant increase in the number of Section 811 notices issued

⁷ Subject to the approval of the Oireachtas

STRATEGY 1.3

Improve compliance through the application of appropriate sanctions

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

OUTPUTS	PERFORMANCE INDICATORS
<p>1. More prosecutions for serious evasion and other Revenue and Customs offences</p>	<ul style="list-style-type: none"> • Minimum of 40 cases of serious offences accepted⁸ each year for investigation with a view to criminal prosecution • Number of summary prosecutions for non-compliance with tax and customs obligations increased each year • Range of prosecutions expanded to include single issue prosecutions such as failure to keep proper books, failure to issue VAT invoices, etc.
<p>2. Increased incentive to disclose tax avoidance transactions</p>	<ul style="list-style-type: none"> • Review the operation of the general anti-avoidance provision under "Section 811" and the operation of the associated scheme of protective notifications under "Section 811A" • Legislation proposed to improve the incentive to disclose avoidance transactions under the Section 811A protective notification scheme
<p>3. Redevelop our systems for interest and collection enforcement.</p>	<ul style="list-style-type: none"> • New IT systems implemented to enhance the timeliness of case identification and intervention: <ul style="list-style-type: none"> * in respect of cases subject to interest, in 2008 * in respect of cases subject to enforcement, in 2009

⁸ By Revenue's Prosecutions Admissions Committee

GOAL 2

Provide quality and innovative service that supports all our customers

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

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

By providing even more innovative self-service options, even better customer service and more taxpayer education and help, our aim, to the greatest extent possible, is that we help all our customers pay the right amount of tax and duty. We want to make sure they know about their entitlements and we want to encourage and make it easy for them to claim them.

STRATEGIES

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

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

STRATEGY 2.1

Help customers pay the right amount and to get their entitlements

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

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

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

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

OUTPUTS	PERFORMANCE INDICATORS
1. Customers more aware of their entitlements and communication and information dissemination better targeted at individual needs	<ul style="list-style-type: none">• Major redesign of our Website to improve the quality and timeliness of information and to present information and services on a more customised basis in 2008• Number of information campaigns on tax and customs systems run locally and nationally and the number of customers reached by these campaigns, including programmes directed at non-Irish Nationals• Improved quality of information based on a plain English standard available to all customers validated by customer surveys and structured feedback from representatives groups• Easier to use PAYE self-service channels leading to greater take-up with a target by end 2010 of 300,000 using the service at least once a year• Tax credits and other reliefs increasingly given on an automated basis or prompted on foot of third party data. Significant progress on this in 2008• Commencing in 2008, analyse our customer base with a view to:<ul style="list-style-type: none">* providing more customised and targeted communications* optimising take up of credits and reliefs

STRATEGY 2.2

Make it as easy as possible to do business with us

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

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

OUTPUTS	PERFORMANCE INDICATORS
1. A variety of service and self service channels available to our customers	<ul style="list-style-type: none">• Increase Revenue On-Line (ROS) usage and functionality, including:<ul style="list-style-type: none">* e-registration for the main business taxes from 2009* eStamp Duty by end 2009* eRCT by 2010• Implement mandatory e-filing, following consultation, in appropriate cases on a phased basis in 2009• Adapt and extend our successful PAYE customer relationship management system (the "iC system") to business taxes to provide better service to companies and the self employed• Develop our 1890 telephone service where this is cost effective to respond to emerging demands• Develop and quality assure the Revenue Technical Service

OUTPUTS	PERFORMANCE INDICATORS
<p>2. An up-to-date tax and customs system that is simplified, responsive and which minimises compliance costs</p>	<ul style="list-style-type: none"> • Contribute actively to the Government's regulatory reform agenda • Number of specific proposals brought forward each year for the simplification of tax and customs procedures, processes, forms and rules • Review the appropriateness of specific compliance obligations for customers where minimal risk is indicated by a history of compliance • Implement a reverse charge for VAT in the construction sector by September 2008⁷ • Implement any new regimes on an electronic basis where practicable • New computer systems for Income Tax assessing in place by mid 2008 and Corporation Tax assessing system in place by mid 2009 • Redesign and extend our Stamp Duty and Relevant Contracts Tax administration systems, with an emphasis on automated links with other agencies, by 2009 and 2010 respectively • A unified legal framework for all administration aspects of taxes and duties to be rolled out progressively beginning 2008⁷ • Draft consolidation of national customs legislation completed by end 2008
<p>3. Compliance encouraged through more and better engagement with intermediaries and other stakeholders</p>	<ul style="list-style-type: none"> • Effective consultation and dialogue processes in place with all key intermediaries and other stakeholders (including PAYE Focus Groups) with a view to deepening relationships, improving understanding of the tax and customs systems and improving compliance • Feasibility study completed on the merits of extending the Co-operative Compliance framework to cases outside of Large Cases Division

GOAL 3

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

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

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

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

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

STRATEGIES

- 3.1 Effective contribution to economic and social issues by active participation in Government programmes
- 3.2 Active participation internationally with a view to increasing Tax and Customs co-operation

STRATEGY 3.1

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

Revenue plays a positive and committed part in a wide range of Government and cross-Departmental activities. In particular, we work closely with the Department of Finance in the development of the Budget and the Finance Acts.

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

Revenue performs “agency” tasks on behalf of other State bodies including the collection of PRSI, health levies and the Environment Levy on plastic bags. Our Customs service in particular is closely involved with the implementation of the Common Agricultural Policy and with preventing the importation of prohibited, restricted or counterfeit goods.

OUTPUTS	PERFORMANCE INDICATORS
<p>1. Effective tax and customs legislation</p>	<ul style="list-style-type: none"> • Timely provision, in Budget, Finance Bill and other legislative matters within Revenue's areas of responsibility of <ul style="list-style-type: none"> * balanced, clear and comprehensive policy advice * accurate statistics, costings and forecasts * draft legislation that is workable, capable of withstanding detailed scrutiny and designed in a way that is both understandable and e-friendly • Implement new VAT on property rules by July 2008⁷ • Develop a new VAT Act by end 2009 to modernise current legislation⁹ • New VRT emissions based system in place by July 2008⁷ • Implement VAT package for “Business to Business” by 2010⁹

⁹ Subject to the approval of the Minister for Finance, the Government and the Oireachtas

OUTPUTS	PERFORMANCE INDICATORS
<p>2. National programmes and other initiatives that reflect Revenue's input</p>	<ul style="list-style-type: none"> • Positive engagement with the Commission on Taxation, including the provision of information, statistics, analysis, and other supports, as required • Work with the Department of Community, Rural & Gaeltacht Affairs to support the effective establishment of the Charities Regulator subject to legislation⁷
<p>3. Customs activities that facilitate legitimate trade to the greatest extent possible consistent with our security and anti-smuggling responsibilities</p>	<ul style="list-style-type: none"> • Influence policy development in relation to supply-chain security to achieve an appropriate balance between control on movement of goods and facilitating legitimate trade flows • Effective implementation of the Authorised Economic Operator programme by end 2008
<p>4. Effective provision of agency services on behalf of other Departments and Offices</p>	<ul style="list-style-type: none"> • Agency services implemented to agreed standards • Consider, on their merits, new agency tasks which might be delivered by Revenue

STRATEGY 3.2

Active participation internationally with a view to increasing Tax and Customs co-operation

The growth in international trade and investments, globalisation¹⁰, the use of tax-havens, cross-border eCommerce, cross-border tax fraud, the smuggling of illicit drugs and border security concerns all present major challenges to Ireland in terms of developing appropriate responses.

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

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

OUTPUTS	PERFORMANCE INDICATORS
1. EU policy proposals and legislation that reflects Irish interests to the greatest possible extent	<ul style="list-style-type: none">• The development of a modernised EU Customs Code and effective national implementation• Implement the EU Multi-Annual Strategic Plan (MASP) for Customs in accordance with EU timetable• Full participation, in conjunction with the Department of Finance, in EU tax initiatives including:<ul style="list-style-type: none">* new Directive on VAT and Financial Services* new rules on enhanced cross-border co-operation to counter VAT fraud* Code of Conduct for Business Taxation* Vehicle Registration Taxes* Reviews of Excise Directives• Articulate at the EU and elsewhere the principled and practical concerns Ireland has in relation to taxation proposals from the European Union

¹⁰ In 1990 the estimated number of multinational enterprises was 3,000; by 2007 the number has increased to well over 63,000 (source: OECD)

OUTPUTS	PERFORMANCE INDICATORS
<p>2. Exert influence at the OECD, the WCO and other international policy-making organisations in line with Government policy</p>	<ul style="list-style-type: none"> • Extent to which our input is reflected in the workings of the OECD, the WCO and in international tax and customs initiatives
<p>3. An extended and modernised network of double taxation treaties and other international agreements that facilitates investment, international trade in goods and services, and supports the fight against tax evasion and other trans-national crime</p>	<ul style="list-style-type: none"> • Allowing for the fact that negotiations are by definition two sided, accelerate the expansion of our tax treaty network over the course of this statement of strategy as follows: <ul style="list-style-type: none"> * New Treaties signed with 16 countries * Re-negotiated Treaties signed with 4 countries * Negotiations initiated with 16 countries * To support investigations into tax evasion, 3 Tax Information Exchange Agreements signed in 2008
<p>4. Technical assistance to be provided to other tax and customs administrations and other bodies (OECD, WCO, etc.)</p>	<ul style="list-style-type: none"> • Level and quality of international technical assistance provided, as measured by structured feedback • Facilitate visits to Ireland by other administrations to study Irish tax administration and other administrative techniques

GOAL 4

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

In order to deliver our three major business goals Revenue must be a capable, flexible and results-oriented organisation. Our priorities must include the building up of the capability of our people, particularly our new people, and continued investment in Information and Communications Technology (ICT).

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

Our ICT, in particular, must remain sharply aligned with the needs of our customers and with our own business needs and continue to exploit new opportunities.

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

STRATEGIES

4.1 Develop our people

4.2 Optimise our use of resources and our organisation structures

STRATEGY 4.1

Develop our people

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

As we move towards more active customer service provision and a more risk-based and analytical approach to compliance, we will need to invest even more in skills development – by targeted training, education and recruitment – in order to meet the challenges of the new ways of working.

The principles underlying the partnership process remain important to us. To this end we aim to foster a management style that is open, adaptable and encourages consultation, innovation and team working.

OUTPUTS	PERFORMANCE INDICATORS
1. Highly motivated and well trained staff capable of working in a challenging environment	<ul style="list-style-type: none">• Identify and prioritise critical skills gaps by end 2008 and deliver appropriate programmes that enhance Revenue's capacity to respond to existing and developing challenges• Strengthen staff mobility and exchange programmes that provide staff with opportunities to gain new skills and perspectives that enhance their career development• Use partnership process to enhance staff and Union input to identifying and implementing change initiatives• Incrementally implement new approaches to selection and promotion• Further develop PMDS as a mechanism for aligning personal work plans on business objectives and identifying the individual development needs of staff• Maximise benefits from the Decentralisation programme by harnessing skills of incoming staff and providing Revenue specific training and mentoring in good time

OUTPUTS

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

PERFORMANCE INDICATORS

- Evaluate selection and promotion processes and address any barriers to participation
- Achieve the following target to ensure an effective level of female representation in senior grades:

Grade	End 2009	End 2010
HEO/AO	48%	50%
AP	28%	30%
PO	23%	27%

STRATEGY 4.2

Optimise our use of resources and our organisation structures

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

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

Many of the objectives we have set ourselves in this Statement of Strategy require new and imaginative uses of ICT, particularly those relating to our customer service commitments and our risk-based approach to tackling non-compliance. Many of these new ICT developments are set out elsewhere in this statement, including new public facing on-line services and Ireland's response to the EU Multi-Annual Strategic Programme (MASP). Here we set out those ICT solutions that can improve our productivity and operational environment.

OUTPUTS	PERFORMANCE INDICATORS
1. Effective and efficient use of resources	<ul style="list-style-type: none">• Continuously re-align resources with business priorities with a particular focus on the re-deployment of at least 7% of staff from National and Support Divisions to front line operations during the lifetime of this Statement of Strategy• Specific proposals to maximise administrative savings developed by March 2008 under the Efficiency Review of Administrative Spending announced in Budget 2008• At least 8 organisational and administrative structures, and business processes, reviewed each year and, if necessary, adjusted to maximise organisational efficiency and effectiveness

OUTPUTS	PERFORMANCE INDICATORS
	<ul style="list-style-type: none"> • Resource savings from change initiatives to be identified in a more structured way with a view to re-deploying the savings to improve our business capability and performance • Ensure best practice in terms of accounting, banking and budgeting for the funds that come under our control
<p>2. More effective strategy development, business planning and performance measurement</p>	<ul style="list-style-type: none"> • Over the course of this strategy statement we will examine a corporate outcome measurement system to complement our existing planning process and performance measurement system • Develop an approach to strategic evaluation (meaning whole of programme evaluation) and its relationship to, and interaction with, operational evaluation • Develop in 2008 a more effective and user friendly IT based Business Planning template for use at Branch, Division and Corporate levels
<p>3. Better internal communication to ensure the alignment of legislative and administrative needs</p>	<ul style="list-style-type: none"> • Greater use of networks to improve and manage internal dialogue and consultation between Central Divisions and Operational Divisions
<p>4. Implementation of civil service modernisation agenda</p>	<ul style="list-style-type: none"> • Implementation of Revenue's action plan under "Towards 2016" • Address relevant recommendations and suggestions arising out of review of the efficiency of the civil service by the OECD • Participate in, and address the recommendations arising from, the Government's Organisational Review Programme

OUTPUTS	PERFORMANCE INDICATORS
<p>5. Optimal use of ICT in our business processes</p>	<ul style="list-style-type: none"> • Continue implementation of our ICT Strategy 2006-2008, with a new Strategy for 2009-2011 prepared by December 2008 • Multi-sourcing policy for external ICT fully exploited in conjunction with the expansion and redevelopment of selected in-house skills • Ongoing certification programmes for security, data protection, business continuity and systems development in line with international standards • Evolution of our ICT-based tax administration frameworks in line with industry best practice and emerging technologies, including <ul style="list-style-type: none"> * VRT, Excise licensing and CAT incorporated into Integrated Taxation Services * Next generation Revenue Case Management solution developed
<p>6. Enhanced systems to support customer insight, information management and customer analytics</p>	<ul style="list-style-type: none"> • Develop profiling and segmentation programmes to improve customer service and better target informational needs and compliance operations • New and improved content management, search and knowledge management systems deployed for corporate and operational use

Accounting for our Performance

As well as administering the tax and customs systems, we are also responsible for accounting for all revenues collected and for transferring the net amount to the Exchequer. In total, gross revenues of approximately €67 billion were collected in 2007. We are also responsible for spending and accounting for an administrative budget which in 2008 will be in excess of €445 million.

To maintain and improve confidence in our administration of the tax and customs systems and to ensure the efficient and effective use of the resources allocated to us, we must account for our performance in an open, transparent and public manner. In particular, we account for our performance as follows:

THE MINISTER FOR FINANCE

We report to the Minister for Finance in our Annual Reports on progress made in achieving the outputs specified in our Statement of Strategy.

THE COMPTROLLER AND AUDITOR GENERAL (C&AG)

The C&AG conducts ongoing audits of our receipts and expenditures and of our systems, procedures and practices. He also conducts Value for Money examinations of specific Revenue functions and programmes. The outcomes of these audits and investigations are published in the C&AG's Annual Report.

COMMITTEE OF THE HOUSES OF THE OIREACHTAS

As Accounting Officer, our Chairman appears regularly before the Committee of Public Accounts to deal with issues raised by the C&AG in his Annual Report and any other matter relating to our activities that the Committee might wish to examine.

Revenue officials also appear before other committees of the Houses of the Oireachtas, such as the Committee on Finance and the Public Service.

THE INSTITUTIONS OF THE EUROPEAN UNION

Our administration of EU Customs law is audited by the European Court of Auditors. We are also accountable to the European Commission and to the European Parliament.