

Cost of Tax Expenditures (Credits, Allowances and Reliefs) – Notes

The associated “Credits, Allowances and Reliefs” tables show the estimated cost in terms of revenue forgone of the personal tax credits and the main reliefs and deductions allowable under the Income Tax system. A number of reliefs that apply both to individuals and companies are also included and the cost shown in relation to these reliefs covers Income Tax and Corporation Tax.

All figures are based on tax due in respect of assessments for each year and not on tax receipts within that year. The costs included for Corporation Tax are by reference to accounting periods which ended in the year shown.

The numbers of claimants of each credit or relief are shown for both years to the extent that they are available. The numbers included are the taxpayers who would be adversely affected by the withdrawal of the respective credit or relief.

Each tax credit or allowance is being dealt with separately and on the assumption that the rest of the tax system remains unchanged. It would be therefore inaccurate to calculate the effect of withdrawing all the credits, reliefs and allowances by simply totalling the figures.

The estimates shown in many cases are tentative and may be subject to revision in the light of later information.

Figures accompanied by an asterisk (*) are particularly tentative and subject to a considerable margin of error.

Notes:

- (1) This cost includes the standard age exemption rate and the increased exemption allowed.
- (2) From 2017 onwards, the methodology for costing has been revised.
- (3) Including policy holders where employee subscriptions were funded by employers.
- (4) Estimates of the cost for private pension provision are based on the available aggregate data for contributions to pension schemes from employers and employees.
- (5) “Other” relates to borrowings for purposes such as acquiring an interest in a company or partnership.
- (6) This cost is calculated on income which includes dividend income on which Income Tax deducted at source is repaid and other investment income, covenant payments and donations by the corporate, self-employed and PAYE sectors to approved bodies.
- (7) The number of exemptions represents the total of claims received by the Department of Social Protection (DSP) in a year.
- (8) This cost does not include large amounts of unused capital allowances that are available for offset as losses in future accounting periods.
- (9) The tax cost shown for Section 23 type reliefs is the estimated ultimate tax cost relating to the total allowable expenditure in respect of the claims made for the first time in the years shown. The cost is shown for Income Tax cases only.
- (10) The breakdown by year refers to the year in which homeowners carried out qualifying works under the scheme, and the resulting value of the tax credits eligible to be claimed. The cost to the Exchequer will be realised in the years thereafter as the tax credits are claimed by homeowners.
- (11) The cost of this relief in 2012 was notably skewed as a result of a number of large cases. If these were to be excluded, the cost of the relief would have been €128.2m.
- (12) (13) These reliefs are in place in recognition of the need for corporate entities to be able to reorganise, restructure and amalgamate their businesses as part of their further development without incurring what would be technical Stamp Duty charges. Such reliefs are a common feature of tax systems in developed countries.

- (14) Maternity Benefit payable by Department of Social Protection (DSP) from 1 July 2013 is liable to tax.
- (15) The cost shown relates to Group Relief offset against trading income.
- (16) From 2009, Health Expenses are separately shown for Nursing Homes and other Health Expenses.
- (17) This is the maximum cost of the exemption.
- (18) Please note that the numbers represents the total unique claimants for both Nursing Home and "Other" Health Expenses.
- (19) Initial relief is allowed on thirty fortieths (30/40) of the EII investment in the year the investment is made. Relief in respect of the further ten fortieths (10/40) of the EII investment will be available in the fourth year after the EII investment was made. Costs include the second tranche where available. The figures recorded in relation to 2012 are the combined figures for both 2011 and 2012.
- (20) LPT Exempt amounts are based on claims made in returns and will be subject to certain verification checks. In addition, the full effects of exemptions are not reflected in the statistics as, where an exemption was claimed, the property owner is not always required to value their property.
- (21) LPT Deferrals, although foregone in a particular year, are still owed to the Exchequer at a later date.
- (22) Tax cost is not available as the only information in respect of this relief is the disposal consideration rather than the actual taxable gain foregone.
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