

Account of the Receipt of Revenue of the State collected by the Revenue Commissioners in the year ended 31 December 2016



**Account of the Receipt of Revenue of the State collected by the Revenue Commissioners
in the year ended 31 December 2016**

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Statement by Accounting Officer on Internal Financial Control

Responsibility for system of Internal Financial Control

As Accounting Officer I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Office. This responsibility is exercised in the context of the resources available to me and my other obligations as Head of Office. Also, any system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

The position in regard to the financial control environment, the framework of administrative procedures, management reporting and internal audit is as follows:

Financial Control Environment

I confirm that a control environment containing the following elements is in place:

- Financial responsibilities have been assigned at management level with corresponding accountability.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- Formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action.
- There is an Audit Committee to advise me in discharging my responsibilities for the internal financial control system.

Administrative Controls and Management Reporting

I confirm that a framework of administrative procedures and regular management reporting is in place including segregation of duties and a system of delegation and accountability and, in particular, that:

- There are regular reviews by senior management of periodic and annual financial reports which indicate financial performance against forecasts.
- A risk management system operates within the Office to identify potential risks and ensure an appropriate mitigation strategy is in place. Mitigations used to manage risk include:
 - Revenue's governance structures.
 - Environmental scanning to ensure Revenue is aware of influences that affect risk, such as Brexit.
 - Integrated strategic/business planning and Risk Management system that regularly reviews risks at Organisational, Divisional and Branch level.
 - Project management methodologies for all significant projects.
- There are systems aimed at ensuring the security of the ICT applications, particularly in relation to cyber threats and malicious attacks.

Internal Audit and Audit Committee

I confirm that the Office has an internal audit function with appropriately trained personnel, which operates in accordance with a formal written Internal Audit charter. Its work is informed by analysis of the financial risks to which the Office is exposed and its annual internal audit plans, approved by me, are based on this analysis. These plans aim to cover the key controls on a rolling basis over a reasonable period. The internal audit function is reviewed periodically by me and by the Audit Committee. I have put procedures in place to ensure that the reports of the internal audit function are followed up.

Niall Cody
Accounting Officer
Office of the Revenue Commissioners

12 April 2017



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Account of the receipt of revenue of the State collected by the Revenue Commissioners

I have audited the account of receipt of revenue of the State collected by the Revenue Commissioners for the year 2016 under Section 3 (7) of the Comptroller and Auditor General (Amendment) Act 1993 (the Act).

The account comprises the accounting policies, the account of the receipt and disposal of revenue collected, the statement of balances and the related notes.

Responsibilities of the Revenue Commissioners

The Revenue Commissioners are responsible for preparing the account and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility in accordance with Section 3 (7) of the Act is to examine the account and to form an opinion as to whether it is complete and accurate.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the account

An audit involves obtaining evidence about the amounts and disclosures in the account, sufficient to give reasonable assurance that the account is free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Revenue Commissioners' circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the account, and
- the overall presentation of the account.

I also take assurance from my examinations of Revenue's collection systems.

I seek to obtain evidence about the regularity of financial transactions in the course of audit.

Opinion on the account

In my opinion, the account properly presents the receipt and disposal of the revenue collected for the year ended 31 December 2016 and the residual balances at that date.

In my opinion, the accounting records of the Revenue Commissioners were sufficient to permit the account to be readily and properly audited. The account is in agreement with the accounting records.

Revenue collection systems

Under Section 3 (7) of the Act, I also carry out examinations on a cyclical basis in order to

- ascertain whether the systems, procedures and practices established by the Revenue Commissioners are adequate to secure an effective check on the assessment, collection and proper allocation of the revenue of the State
- satisfy myself that the manner in which those systems, procedures and practices are being employed and applied is adequate.

As provided under Section 3 (10) of the Act, I report each year on the results of my systems examinations in my Report on the Accounts of the Public Services.

Seamus McCarthy
Comptroller and Auditor General

12 April 2017

Account of the Receipt of Revenue of the State collected by the Revenue Commissioners in the year ended 31 December 2016

Accounting Policies

1. This Account presents the collection and allocation of taxes and duties by the Revenue Commissioners and the transfer of the proceeds to the Exchequer. The Account has been prepared pursuant to Section 3(7) of the Comptroller and Auditor General (Amendment) Act, 1993.
2. No administration or operational costs of the Office of the Revenue Commissioners are included in this Account. Funds for this purpose are voted by the Oireachtas and accounted for in the annual Appropriation Account for Vote 9 - Office of the Revenue Commissioners.
3. Amounts received in respect of penalties and interest imposed by the Revenue Commissioners are brought to account with the related tax and duty settlements. Court fines and penalties are brought to account as Appropriations-in-Aid of Vote 9.
4. The Account also presents the receipts collected by the Revenue Commissioners for other Government Departments, Agencies and EU Member States as follows:
 - Social Insurance Fund (Pay Related Social Insurance and Health Levy)
 - Department of Health (Tobacco Levy)
 - Risk Equalisation Fund (Health Insurance Levy)
 - Environment Fund (Environmental Levy on Plastic Bags)
 - Department of Jobs, Enterprise and Innovation (Employment and Training Levy)
 - Commissioners of Irish Lights (Lighthouse Dues)
 - Department of Finance (Nursing Home Support Scheme payments and Miscellaneous Revenue for Fee Stamps in respect of Registry of Deeds, Arbitration Fees and Companies' Registration Fees)
 - Insurance Compensation Fund (Insurance Compensation Fund Levy)
 - EU Member States (VAT Mini One Stop Shop scheme)
5. A charge is levied by the Revenue Commissioners for the collection of PRSI Contributions, the Environmental Levy on Plastic Bags, Lighthouse Dues, Nursing Home Support Scheme payments and the Insurance Compensation Fund levy. Charges are also levied by the Commissioners on customers who opt to pay their tax liabilities by credit card and on customers who apply for a VRT repayment under the Export Repayment Scheme. Amounts received in respect of these charges are accounted for as Appropriations-in-Aid of Vote 9.
6. Included in Excise receipts are amounts collected by other agencies on behalf of the Revenue Commissioners as follows:
 - The Courts Service (Excise Licences)
 - Applus+ Car Testing Service Ltd (Vehicle Registration Tax)

A charge is levied by Applus+ Car Testing Service Ltd for the collection of Vehicle Registration Tax. The charge is funded from Voted expenditure and accounted for in the annual Appropriation Account of Vote 9.
7. Included in VAT receipts transferred to the Exchequer are retention amounts of 30% on VAT payments collected by the Revenue Commissioners for EU Member States under the VAT Mini One Stop Shop scheme (VAT MOSS) and as provided for under Article 46(3) of Council Regulation (EU) No.904/2010. The VAT MOSS scheme came into operation on 1 January 2015.
8. The Account has been prepared on a cash basis in accordance with the principles of Government Accounting. The Account shows the actual amounts received and paid in the year. Where further amounts are received in subsequent years or where amounts received in the current or earlier years are repaid, such items are recorded in the year of receipt or repayment. Customs and Excise payments are retained as deposits and recognised as receipts when the appropriate returns are filed.

Account of the Receipt of Revenue of the State collected by the Revenue Commissioners in the year ended 31 December 2016

Accounting Policies cont'd

9. In order to apportion certain Income Tax receipts to the relevant taxhead, an estimated percentage is applied. This apportionment affects PAYE, PRSI, USC and LPT receipts. Once the relevant returns are filed a review of the estimate is conducted and the receipts re-apportioned as appropriate.
10. The gross receipts and repayment figures for each taxhead include offsets i.e. cases where the repayment is not directly paid to the taxpayer but offset against other outstanding taxes.
11. Taxes and Duties are paid in the first instance into accounts held by Revenue in commercial banks. In most cases full accounting instructions are known at the time of payment and payments are receipted onto a customer record and transferred to the Exchequer. If a payment is received with incomplete accounting instructions it is included as an Unallocated Tax Deposit pending receipt of accounting instructions.

Account of the Receipt of Revenue of the State collected by the Revenue Commissioners in the year ended 31 December 2016

Account of the Receipt and Disposal of Revenue collected

	Notes	2016 €000	2015 €000
Gross Receipts			
Taxes and Duties collected	1	54,833,074	52,035,070
Receipts collected on behalf of other Departments/Agencies/EU Member States	2	10,758,226	9,914,037
Total Gross Receipts of Revenue Collected		65,591,300	61,949,107
Repayments			
Repayment of Taxes and Duties	3	(6,879,139)	(6,248,900)
Repayment of Receipts collected on behalf of other Departments/Agencies/EU Member States	4	(38,100)	(32,583)
Total Repayments		(6,917,239)	(6,281,483)
Net Receipts			
Taxes and Duties collected	5	47,953,935	45,786,170
Receipts collected on behalf of other Departments/Agencies/EU Member States	7	10,720,126	9,881,454
Total Net Receipts of Revenue Collected		58,674,061	55,667,624
Disposal of Net Receipts			
Taxes and Duties transferred to the Exchequer	6	(47,864,305)	(45,600,635)
Transfer of Tobacco Levy to the Department of Health	6	(167,605)	(167,605)
Transfer of Receipts to other Departments/Agencies/EU Member States	7	(10,731,398)	(9,852,877)
Total Disposal of Net Receipts of Revenue Collected		(58,763,308)	(55,621,117)
Net Receipts retained at year end		(89,247)	46,507
Opening Balance on the Account of Receipt and Disposal of Revenue at 1 January		(221,558)	(268,065)
Closing Balance on the Account of Receipt and Disposal of Revenue at 31 December		(310,805)	(221,558)

The Accounting Policies and Notes 1 to 12 form part of this Account.

Niall Cody
Accounting Officer
Office of the Revenue Commissioners

Paul Dempsey
Accountant General
Office of the Revenue Commissioners

April 2017

Account of the Receipt of Revenue of the State collected by the Revenue Commissioners in the year ended 31 December 2016

Statement of Balances

	Notes	2016 €000	2015 €000
Assets			
Cash at Bank and in Hand	8	98,197	73,306
Accrued Income	9	-	1,444
Amounts due from Government Departments	10	693	370
Total Assets		98,890	75,120
Liabilities			
Amounts Awaiting Receipting and Allocation	11	(161,649)	(118,150)
Deposits Held	12	(248,046)	(178,528)
Total Liabilities		(409,695)	(296,678)
Net Liabilities		(310,805)	(221,558)
 Represented by:			
Closing Balance on the Account of Receipt and Disposal of Revenue			
Balance of Taxes and Duties owing from the Exchequer	6	(340,804)	(262,829)
Balance of Receipts collected and due to other Departments/Agencies/EU Member States	7	29,999	41,271
		(310,805)	(221,558)

The Accounting Policies and Notes 1 to 12 form part of this Account.

Niall Cody
Accounting Officer
Office of the Revenue Commissioners

Paul Dempsey
Accountant General
Office of the Revenue Commissioners

April 2017

Account of the Receipt of Revenue of the State collected by the Revenue Commissioners in the year ended 31 December 2016

Notes to the Account

Note 1. Gross Taxes and Duties collected

	2016 €000	2015 €000
Income Tax	20,974,052	20,188,032
Value Added Tax	16,557,723 ^{*1}	15,432,496
Corporation Tax	8,205,777	7,656,895
Excise Duty	5,842,357	5,515,017
Stamp Duties	1,215,223	1,320,968
Capital Gains Tax	839,101	709,591
Local Property Tax	468,433 ^{*2}	474,081
Capital Acquisitions Tax	418,750	405,476
Customs Duty	311,658 ^{*3}	332,514
	54,833,074	52,035,070

*1 This figure includes an amount of €158.5m (2015 - €89.7m) relating to the VAT Mini One Stop Shop scheme which came into operation on 1 January 2015. The €158.5m is broken down into €2.7m for VAT payments proper to Ireland under the scheme and €155.8m relating to retention amounts of 30% on VAT payments collected in Ireland for EU Member States. Total receipts also include an amount of €39.2m for VAT payments proper to Ireland collected by other Member States under the scheme.

*2 The Local Property Tax (LPT) collection figure of €468m is broken down into €72m for Household Charge arrears and LPT liabilities for years 2012 to 2015 inclusive, €345m for LPT liabilities in respect of 2016 and €51m for LPT liabilities in respect of 2017.

*3 Customs Duties collected under an EU Customs procedure (Single Authorisation for Simplified Procedures) are reported net of associated collection costs. In 2016 collection costs of €19.9m were transferred to other EU Member States and an additional separate amount of €19.9m transferred to Vote 9 and recorded as Appropriations-in-Aid receipts.

Note 2. Gross Receipts collected on behalf of other Departments/Agencies/EU Member States

	2016 €000	2015 €000
Pay Related Social Insurance and Health Levy	9,614,313 ^{*1}	8,856,909
Health Insurance Levy	641,635	641,522
VAT Mini One Stop Shop scheme	398,925 ^{*2}	313,690
Insurance Compensation Fund Levy	73,195	71,326
Environmental Levy on Plastic Bags	9,692	12,089
Nursing Home Support Scheme (includes Miscellaneous receipts)	14,162	12,088
Lighthouse Dues	6,135	5,670
Employment and Training Levy	169	743
	10,758,226	9,914,037

*1 Includes an amount of €4.3m collected for Health Levy in 2016. The equivalent figure in 2015 was €6.5m. These represent residual amounts collected following cessation of Health Levy in January 2011.

*2 The VAT Mini One Stop Shop scheme came into operation on 1 January 2015 in line with new VAT place of supply rules for businesses who make supplies of telecommunications, broadcasting or electronically supplied services to consumers. This figure represents the VAT payments collected in Ireland and payable to other EU Member States under the scheme.

Note 3. Repayment of Taxes and Duties

	2016 €000	2015 €000
Income Tax	(1,800,613)	(1,843,865)
Value Added Tax	(4,117,285)	(3,494,611)
Corporation Tax	(853,907)	(783,996)
Excise Duty	(41,600)	(52,294)
Stamp Duties	(35,500)	(45,058)
Capital Gains Tax	(20,465)	(17,470)
Local Property Tax	(5,041)	(5,067)
Capital Acquisitions Tax	(3,638)	(5,463)
Customs Duty	(1,090)	(1,076)
	(6,879,139)	(6,248,900)

Account of the Receipt of Revenue of the State collected by the Revenue Commissioners in the year ended 31 December 2016

Notes to the Account

Note 4. Repayment of Receipts collected on behalf of other Departments/Agencies/EU Member States

	2016 €000	2015 €000
Pay Related Social Insurance and Health Levy	(36,341)	(32,436)
Environmental Levy on Plastic Bags	(20)	(117)
Nursing Home Support Scheme (includes Miscellaneous receipts)	(19)	(30)
VAT Mini One Stop Shop Scheme	(1,720)	-
	(38,100)	(32,583)

Note 5. Net Receipts of Taxes and Duties

	Gross Receipts 2016 €000	Repayments 2016 €000	Net Receipts 2016 €000	Net Receipts 2015 €000
Income Tax	20,974,052	(1,800,613)	19,173,439	18,344,167
Value Added Tax	16,557,723	(4,117,285)	12,440,438	11,937,885
Corporation Tax	8,205,777	(853,907)	7,351,870	6,872,899
Excise Duty	5,842,357	(41,600)	5,800,757	5,462,723
Stamp Duties	1,215,223	(35,500)	1,179,723	1,275,910
Capital Gains Tax	839,101	(20,465)	818,636	692,121
Local Property Tax	468,433	(5,041)	463,392	469,014
Capital Acquisitions Tax	418,750	(3,638)	415,112	400,013
Customs Duty	311,658	(1,090)	310,568	331,438
	54,833,074	(6,879,139)	47,953,935	45,786,170

Note 6. Taxes and Duties Transferred to the Exchequer

	Balance owing to/(from) Exchequer at 1.1.16 €000	Net Receipts €000	Total Transfers €000	Balance owing to/(from) Exchequer at 31.12.16 €000
Income Tax	(66,729)	19,173,439	(19,168,970)	(62,260)
Value Added Tax	(3,295)	12,440,438	(12,420,480)	16,663
Corporation Tax	(2,011)	7,351,870	(7,351,108)	(1,249)
Excise Duty	(185,330)	5,800,757	(5,879,091) ^{*1}	(263,664)
Stamp Duties	(8,771)	1,179,723	(1,193,830)	(22,878)
Capital Gains Tax	(1,108)	818,636	(821,961)	(4,433)
Local Property Tax	(98)	463,392	(463,398)	(104)
Capital Acquisitions Tax	94	415,112	(415,205)	1
Customs Duty	4,419	310,568	(317,867)	(2,880)
	(262,829)	47,953,935	(48,031,910)	(340,804)

*1 The amount of €5,879,091,000 includes €167,605,000 which was paid from the proceeds of Tobacco Excise Receipts to the Department of Health under Section 3 of the Appropriation Act 1999 as amended by the Appropriation Act 2005.

Account of the Receipt of Revenue of the State collected by the Revenue Commissioners in the year ended 31 December 2016

Notes to the Account

Note 7. Transfer of Receipts to other Departments/Agencies/EU Member States

	Balance due at 1.1.16 €000	Net Receipts €000	Total Transfers €000	Balance due at 31.12.16 €000
Pay Related Social Insurance and Health Levy	32,692	9,577,972	(9,585,992)	24,672
Health Insurance Levy	-	641,635	(641,635)	-
VAT Mini One Stop Shop scheme	8,091	397,205	(400,455)	4,841
Insurance Compensation Fund Levy	533	73,195	(73,281)	447
Environmental Levy on Plastic Bags	(81)	9,672	(9,588)	3
Nursing Home Support Scheme (includes Miscellaneous receipts)	-	14,143	(14,136)	7
Lighthouse Dues	2	6,135	(6,130)	7
Employment and Training Levy	34	169	(181)	22
	41,271	10,720,126	(10,731,398)	29,999

Note 8. Cash at Bank and in Hand

	2016 €000	2015 €000
Balance in Revenue Accounts held at Central Bank	52,952	36,129
Balance in Revenue Accounts held at Commercial Banks	44,465	37,176
Cash in Hand	780	1
	98,197	73,306

Cash at Bank and in Hand represents amounts held pending completion of processing through Revenue's accounting systems.

Note 9. Accrued Income

Accrued Income represents amounts receipted in the year of account for which payment was received after the year end.

Note 10. Amounts due from Government Departments

Where a liability arises as a result of the importation of goods by Government Departments, the goods are released without immediate payment of duties or taxes and the Department is subsequently charged for the amount due.

Account of Receipt of Revenue of the State collected by the Revenue Commissioners in the year ended 31 December 2016

Notes to the Account

Note 11. Amounts Awaiting Receipting and Allocation

	2016 €000	2015 €000
Unallocated Tax Deposits	(92,884) ^{*1}	(91,340)
Tax receipts awaiting transfer and allocation	(68,721)	(26,789)
Amounts awaiting transfer to Vote 9, Office of the Revenue Commissioners	(44) ^{*2}	(21)
	(161,649)	(118,150)

*1 Unallocated Tax Deposits (UTD) include payments made on account during tax audits and audit settlements as well as non audit payments for which accounting instructions have not been completed. UTD also includes payments transferred to the Exchequer as part of the Total Transfers in Note 6 for which customer records have yet to be updated.

*2 These amounts were received by the Revenue Commissioners and will be brought to account as Appropriations-in-Aid of Vote 9, Office of the Revenue Commissioners.

Note 12. Deposits Held

	2016 €000	2015 €000
Deposits held under Criminal Justice Act 1994	(2,831)	(2,459)
Deposits held with C&E Collectors	(4,281)	(4,485)
Deposits held for Excise Licences	(266)	(320)
Deposits held for C&E liabilities due after 31 December	(240,668)	(171,264)
	(248,046)	(178,528)

Deposits held under Criminal Justice Act 1994 relates to money seized under the Act and held on deposit pending court proceedings. All other deposits represent amounts paid by taxpayers for Customs and Excise (C&E) liabilities falling due after 31 December and brought to account when the appropriate return is filed. These deposits have been surrendered to the Exchequer at 31 December as part of Excise Duty transfers in Note 6.