

**Account of the Receipt of Revenue of the
State collected by the Revenue
Commissioners in the year ended
31 December 2017**



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in the year ended 31 December 2017**

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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
April 2018



Report for presentation to the Houses of the Oireachtas

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

Opinion on the account

I have audited the account of the receipt of revenue of the State collected by the Revenue Commissioners for the year 2017 as required under the provisions of Section 3 (7) of the Comptroller and Auditor General (Amendment) Act 1993 (the Act). The account comprises

- the account of the receipt and disposal of revenue collected
- the statement of balances
- the related notes, including a summary of significant accounting policies

In my opinion, the account properly presents the receipt and disposal of the revenue collected for the year ended 31 December 2017 and the residual balances at that date

Basis of opinion

I conducted my audit of the account in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are described in the appendix to this report. I am independent of the Revenue Commissioners and I have fulfilled by other ethical responsibilities in accordance with the *Code of Ethics of the International Organisation of Supreme Audit Institutions*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. I also take assurance from my examinations of Revenue's collection systems.

Report on information other than the account, and on other matters

The Revenue Commissioners have presented a statement of internal financial control together with the account. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy
Comptroller & Auditor General
April 2018

Appendix to the report

Responsibilities of the Revenue Commissioners

The Revenue Commissioners are responsible for

- The preparation of the account
- Ensuring that the account properly presents the receipt and disposal of the revenue collected
- Ensuring the regularity of transactions, and
- Such internal control as they determine is necessary to enable the preparation of an account that is free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under Section 3 (7) of the Act to audit the account of the receipt of revenue of the State collected by the Revenue Commissioners and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the account as a whole is free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this account.

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the account whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I evaluate the overall presentation, structure and content of the account, including the disclosures, and whether the account properly presents the underlying transactions and events.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the account

My opinion on the account does not cover the other information presented with the account, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the account, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the account or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to the management and operations of public bodies. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the account to be readily and properly audited, or
- the account is not 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
- To 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.

Account of the Receipt of Revenue of the State collected by the Revenue Commissioners in the year ended 31 December 2017

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 15% 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 with the exception of Excise Licences.

Account of the Receipt of Revenue of the State collected by the Revenue Commissioners in the year ended 31 December 2017

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 2017**

Account of the Receipt and Disposal of Revenue collected

	Notes	2017 €000	2016 €000
Gross Receipts			
Taxes and Duties collected	1	58,740,870	54,833,074
Receipts collected on behalf of other Departments/Agencies/EU Member States	2	12,215,777	10,758,226
Total Gross Receipts of Revenue Collected		70,956,647	65,591,300
Repayments			
Repayment of Taxes and Duties	3	(7,983,222)	(6,879,139)
Repayment of Receipts collected on behalf of other Departments/Agencies/EU Member States	4	(40,822)	(38,100)
Total Repayments		(8,024,044)	(6,917,239)
Net Receipts			
Taxes and Duties collected	5	50,757,648	47,953,935
Receipts collected on behalf of other Departments/Agencies/EU Member States	7	12,174,955	10,720,126
Total Net Receipts of Revenue Collected		62,932,603	58,674,061
Disposal of Net Receipts			
Taxes and Duties transferred to the Exchequer	6	(50,736,166)	(47,864,305)
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	(12,124,067)	(10,731,398)
Total Disposal of Net Receipts of Revenue Collected		(63,027,838)	(58,763,308)
Net Receipts retained at year end		(95,235)	(89,247)
Opening Balance on the Account of Receipt and Disposal of Revenue at 1 January		(310,805)	(221,558)
Closing Balance on the Account of Receipt and Disposal of Revenue at 31 December		(406,040)	(310,805)

The Accounting Policies and Notes 1 to 11 form part of this Account.

Niall Cody
Accounting Officer
Office of the Revenue Commissioners

Paul Dempsey
Accountant General
Office of the Revenue Commissioners

April 2018

**Account of the Receipt of Revenue of the State collected by the Revenue Commissioners
in the year ended 31 December 2017**

Statement of Balances

	Notes	2017 €000	2016 €000
Assets			
Cash at Bank and in Hand	8	67,713	98,197
Amounts due from Government Departments	9	443	693
Total Assets		68,156	98,890
Liabilities			
Amounts Awaiting Receipting and Allocation	10	(128,201)	(161,649)
Deposits Held	11	(345,995)	(248,046)
Total Liabilities		(474,196)	(409,695)
Net Liabilities		(406,040)	(310,805)
Represented by:			
Closing Balance on the Account of Receipt and Disposal of Revenue			
Balance of Taxes and Duties owing from the Exchequer	6	(486,927)	(340,804)
Balance of Receipts collected and due to other Departments/Agencies/EU Member States	7	80,887	29,999
		(406,040)	(310,805)

The Accounting Policies and Notes 1 to 11 form part of this Account.

Niall Cody
Accounting Officer
Office of the Revenue Commissioners

Paul Dempsey
Accountant General
Office of the Revenue Commissioners

April 2018

Account of the Receipt of Revenue of the State collected by the Revenue Commissioners in the year ended 31 December 2017

Notes to the Account

Note 1. Gross Taxes and Duties collected

	2017 €000	2016 €000
Income Tax	22,076,463	20,974,052
Value Added Tax	17,903,353 ^{*1}	16,557,723
Corporation Tax	9,347,444	8,205,777
Excise Duty	6,069,945	5,842,357
Stamp Duties	1,220,182	1,215,223
Capital Gains Tax	841,654	839,101
Local Property Tax	481,574 ^{*2}	468,433
Capital Acquisitions Tax	465,507	418,750
Customs Duty	334,748 ^{*3}	311,658
	58,740,870	54,833,074

*1 This figure includes amounts relating to The VAT Mini One Stop Shop scheme which came into operation on 1 January 2015. The rate of retention amount in 2017 was reduced to 15% from 30% in 2016. Retention amounts are scheduled to be abolished in 2019.

	2017 €000	2016 €000
Retention amounts on Vat payments collected for EU Member States	255,520	155,826
VAT collected proper to Ireland under the scheme	2,455	2,665
VAT payments proper to Ireland collected by other Member States	39,904	39,166

*2 The Local Property Tax (LPT) collection figure of €482m is broken down into €28m for Household Charge arrears and LPT liabilities for years 2012 to 2016 inclusive, €399m for LPT liabilities in respect of 2017 and €55m for LPT liabilities in respect of 2018.

*3 Customs Duties collected under an EU Customs procedure (Single Authorisation for Simplified Procedures) are reported net of associated collection costs. In 2017 collection costs of €18.1m were transferred to other EU Member States and an additional separate amount of €18.1m 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

	2017 €000	2016 €000
Pay Related Social Insurance and Health Levy	10,239,210 ^{*1}	9,614,313
VAT Mini One Stop Shop Scheme	1,184,135 ^{*2}	398,925
Health Insurance Levy	683,756	641,635
Insurance Compensation Fund Levy	75,837	73,195
Nursing Home Support Scheme (includes Miscellaneous receipts)	18,952	14,162
Environmental Levy on Plastic Bags	7,356	9,692
Lighthouse Dues	6,319	6,135
Employment and Training Levy	212	169
	12,215,777	10,758,226

*1 Includes an amount of €3.2m collected for Health Levy in 2017. The equivalent figure in 2016 was €4.3m. 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 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

	2017 €000	2016 €000
Income Tax	(2,104,836)	(1,800,613)
Value Added Tax	(4,624,977)	(4,117,285)
Corporation Tax	(1,146,795)	(853,907)
Excise Duty	(53,662)	(41,600)
Stamp Duties	(25,669)	(35,500)
Capital Gains Tax	(16,079)	(20,465)
Local Property Tax	(5,232)	(5,041)
Capital Acquisitions Tax	(5,855)	(3,638)
Customs Duty	(117)	(1,090)
	(7,983,222)	(6,879,139)

**Account of the Receipt of Revenue of the State collected by the Revenue Commissioners
in the year ended 31 December 2017**

Notes to the Account

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

	2017	2016
	€000	€000
Pay Related Social Insurance and Health Levy	(40,122)	(36,341)
VAT Mini One Stop Shop Scheme	(638)	(1,720)
Nursing Home Support Scheme (includes Miscellaneous receipts)	(57)	(19)
Environmental Levy on Plastic Bags	(5)	(20)
	(40,822)	(38,100)

Note 5. Net Receipts of Taxes and Duties

	Gross Receipts	Repayments	Net Receipts	Net Receipts
	2017	2017	2017	2016
	€000	€000	€000	€000
Income Tax	22,076,463	(2,104,836)	19,971,627	19,173,439
Value Added Tax	17,903,353	(4,624,977)	13,278,376	12,440,438
Corporation Tax	9,347,444	(1,146,795)	8,200,649	7,351,870
Excise Duty	6,069,945	(53,662)	6,016,283	5,800,757
Stamp Duties	1,220,182	(25,669)	1,194,513	1,179,723
Capital Gains Tax	841,654	(16,079)	825,575	818,636
Local Property Tax	481,574	(5,232)	476,342	463,392
Capital Acquisitions Tax	465,507	(5,855)	459,652	415,112
Customs Duty	334,748	(117)	334,631	310,568
	58,740,870	(7,983,222)	50,757,648	47,953,935

Note 6. Taxes and Duties Transferred to the Exchequer

	Balance owing to/(from) Exchequer at 1.1.17	Net Receipts	Total Transfers	Balance owing to/(from) Exchequer at 31.12.17
	€000	€000	€000	€000
Income Tax	(62,260)	19,971,627	(20,008,988)	(99,621)
Value Added Tax	16,663	13,278,376	(13,303,098)	(8,059)
Corporation Tax	(1,249)	8,200,649	(8,201,387)	(1,987)
Excise Duty	(263,664)	6,016,283	(6,092,923) *1	(340,304)
Stamp Duties	(22,878)	1,194,513	(1,203,833)	(32,198)
Capital Gains Tax	(4,433)	825,575	(826,240)	(5,098)
Local Property Tax	(104)	476,342	(476,525)	(287)
Capital Acquisitions Tax	1	459,652	(459,699)	(46)
Customs Duty	(2,880)	334,631	(331,078)	673
	(340,804)	50,757,648	(50,903,771)	(486,927)

*1 The amount of €6,092,923,000 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 2017**

Notes to the Account

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

	Balance due at 1.1.17 €000	Net Receipts €000	Total Transfers €000	Balance due at 31.12.17 €000
Pay Related Social Insurance and Health Levy	24,672	10,199,088	(10,151,461)	72,299
VAT Mini One Stop Shop Scheme	4,841	1,183,497	(1,184,351)	3,987
Health Insurance Levy	-	683,756	(683,756)	-
Insurance Compensation Fund Levy	447	75,837	(76,196)	88
Nursing Home Support Scheme (includes Miscellaneous receipts)	7	18,895	(14,258)	4,644
Environmental Levy on Plastic Bags	3	7,351	(7,345)	9
Lighthouse Dues	7	6,319	(6,326)	-
Employment and Training Levy	22	212	(374)	(140)
	29,999	12,174,955	(12,124,067)	80,887

Note 8. Cash at Bank and in Hand

	2017 €000	2016 €000
Balance in Revenue Accounts held at Central Bank	18,825	52,952
Balance in Revenue Accounts held at Commercial Banks	48,587	44,465
Cash in Hand	301	780
	67,713	98,197

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

Note 9. 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 2017**

Notes to the Account

Note 10. Amounts Awaiting Receipting and Allocation

	2017	2016
	€000	€000
Unallocated Tax Deposits	(86,934) ^{*1}	(92,884)
Tax receipts awaiting transfer and allocation	(41,241)	(68,721)
Amounts awaiting transfer to Vote 9, Office of the Revenue Commissioners	(26) ^{*2}	(44)
	(128,201)	(161,649)

*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 11. Deposits Held

	2017	2016
	€000	€000
Deposits held under Criminal Justice Act 1994	(2,780)	(2,831)
Deposits held with C&E Collectors	(3,359)	(4,281)
Deposits held for Excise Licences	-	(266)
Deposits held for C&E liabilities due after 31 December	(339,856)	(240,668)
	(345,995)	(248,046)

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.