

# Shadow Economy, Compliance and Criminal Assets Bureau (CAB)

Student Activity Worksheet

**2**

Solutions



**1.** Identify whether the following statements are true or false.

Statement	True / False
1. Falsely claiming Jobseeker's Benefit when working is an example of an activity in the shadow economy	True
2. Tax evasion increases the amount of government revenue available to spend on the provision of public services, e.g. education	False
3. A voluntary report made by the public about suspected shadow economy activities is known as a Tax Evasion Report	True
4. The Criminal Assets Bureau was established in 2006	False
5. Ireland's tax system is heavily reliant on the concept of tax non-compliance	False

**2.** Circle the correct answer in the following statements.

- a. Activities in the shadow economy can result in opening / **closing** of legitimate businesses.
- b. Tax Evasion Reports **are** / are not confidential.
- c. If an individual or business makes a qualified disclosure, this can result in **lower** / higher penalties paid to the Revenue Commissioners.
- d. The letters CAB mean Criminal Assessment Bureau / **Criminal Assets Bureau**.
- e. Monies collected by CAB are used for the **Central Government Fund** / Central Governing Fund.

**3.** Using the terms below, fill in the blanks in the following sentences. Each term can only be used once.

- pay and file deadline
- tax evasion
- interest
- tax returns
- defaulters
- cash-in-hand
- nixers
- prosecution
- shadow economy
- PAYE system

Colm works as an accountant in a local firm where he pays Income Tax, PRSI and USC under the **PAYE system**. He wants to go on holidays with his friends and decides to carry out some **nixers** to earn additional income. Colm was asked by a couple of his neighbours to help them to finalise their accounts and submit their Income Tax returns in advance of the **pay and file deadline** of the 31 October.

Colm is debating whether he should declare his additional income or should he take **cash-in-hand** from his clients. Colm knows that if an accountancy firm or self-employed accountant found out about his **shadow economy** activity, they could make a **Tax Evasion** Report. He is aware that if the Revenue Commissioners find evidence that he didn't declare this additional income, they may ask him to file outstanding **tax returns** to make declarations of his income. He may also face penalties and **interest** for late filing of tax returns and late payment of tax. Colm could face criminal **prosecution** and publication in Revenue's tax **defaulters** list.