

# Method Statement for **Costs of Tax Expenditures (Credits, Allowances and Reliefs)** Dataset

## 1. Introduction

The purpose of this document is to provide information on the commitment to quality activities and procedures Revenue has put in place in respect of the production of Revenue Statistics to comply with the Irish Statistical System Code of Practice (ISSCOP).<sup>1</sup>

This dataset shows the estimated cost in terms of revenue forgone as well as the numbers who availed of tax credits and the main reliefs and deductions allowable under the Income Tax, CGT, Stamp Duty and VAT systems. 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.

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<sup>1</sup> For more information see <http://www.isscop.ie/>

## 2. General Information

<i>Dataset Name:</i>	<b>Costs of Tax Expenditures (Credits, Allowances and Reliefs)</b>
<i>Keywords:</i>	Income Tax, Corporation Tax, Capital Acquisition Tax, CAT, Stamp Duty, Value Added Tax, VAT, Tax Credit, Tax Relief, Tax Deductions, Tax Expenditure, Tax Statistics, Beneficiaries, Additional Foreign Credit, Favourite Nephew Relief, Year
<i>Update Frequency:</i>	Annually
<i>Licence:</i>	CC-By
<i>Formats:</i>	.csv, .pdf
<i>Hyperlinks:</i>	<a href="http://www.revenue.ie/en/corporate/information-about-revenue/statistics/tax-expenditures/costs-expenditures.aspx">http://www.revenue.ie/en/corporate/information-about-revenue/statistics/tax-expenditures/costs-expenditures.aspx</a>  Open Data Portal: <a href="https://data.gov.ie/dataset/costs-of-tax-expenditures-credits-allowances-and-reliefs">https://data.gov.ie/dataset/costs-of-tax-expenditures-credits-allowances-and-reliefs</a>
<i>Business Owner:</i>	Fionnuala Ryan/Philip O'Rourke/Donnchadh O'Donovan
<i>Contact Information:</i>	<a href="mailto:statistics@revenue.ie">statistics@revenue.ie</a>
<i>Reference Years</i>	2004-2017
<i>Anonymisation or aggregation required:</i>	No, Macro-data
<i>Geographical Scope:</i>	National

### 3. Production

<i>Coding:</i>	N/A
<i>Data Source:</i>	Taxpayer Registrations Data Taxpayer Returns Data
<i>Imputation:</i>	N/A
<i>Breakdown:</i>	The dataset is broken down into by year and scheme (relief/credit/allowance) identifying the cost (€ millions and number of cases benefiting)
<i>Computation:</i>	<p>The Costs of Tax Expenditures (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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Notes:</p> <ol style="list-style-type: none"> <li>1. The cost for "Age Exemption with child addition" is based on the increased exemption allowed for child addition over the standard age exemption rate.</li> <li>2. The cost of basis personal tax credits (for single, married and widowed) is calculated on the basis that all other tax credits and exemption limits did not apply.</li> <li>3. "Medical insurance premiums" includes policy holders where employee subscriptions were funded by employers.</li> <li>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.</li> <li>5. "Interest paid: Other" relates to borrowings for purposes such as acquiring an interest in a company or partnership.</li> <li>6. The cost for "Exemption of Income of Charities, Colleges, Hospitals, Schools, Friendly Societies etc." 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.</li> <li>7. The number of exemptions for "Exemption of Statutory Redundancy Payments" represents the total of claims received in a year.</li> <li>8. The cost for "Capital Allowances Used (Total)" does not include large amounts of unused capital allowances that are available for offset as losses in future accounting periods.</li> <li>9. The tax cost shown for "Rented Residential Relief - 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.</li> <li>10. For the "Home Renovation Incentive Scheme", the breakdown by year refers to the year in which homeowners carried out qualifying works under the Home Renovation Incentive scheme, and the resulting value of the tax credits eligible to be claimed. The cost to the Exchequer will</li> </ol>

	<p>be realised in the years thereafter as the tax credits are claimed by homeowners.</p> <ol style="list-style-type: none"><li>11. The cost of the Business 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.</li><li>12. The "Intragroup Transactions" and "Certain Company Reconstructions and Amalgamations" 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.</li><li>13. Maternity Benefit payable by Department of Social Protection from 1 July 2013 is liable to tax.</li></ol>
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## 4. Quality

<p><i>Relevance:</i></p>	<p>Data are used to:</p> <ul style="list-style-type: none"> <li>• Inform the Tax Strategy Group and the Department of Finance on budgetary decisions</li> <li>• Provide answers to Parliamentary Questions (PQs) and Freedom of Information (FOI) requests.</li> <li>• Inform policymakers and internal stakeholders and</li> <li>• Fulfil requests for data from academics, students, journalists and members of the public.</li> </ul>
<p><i>Accuracy &amp; Reliability:</i></p>	<p>Each Value both numbers and cost are compared with previous years data to see if there is a significant variation. Where variations of 15% are identified, the credit/relief/etc is reviewed to identify the cause of the change.</p> <p>Source data are input into Revenue's systems by the Collector General's area and the statistical outputs are assessed and validated are signed off by the Accountant General's area.</p>
<p><i>Timeliness &amp; Punctuality:</i></p>	<p>An advance release schedule is provided for all datasets with anticipated publication deadline.</p> <p>Divergence from the notified schedule is publicised in advance, along with a new release date.</p> <p>See the list of Supporting Documentation below for a link to the current Revenue Statistics Publication Calendar.</p>
<p><i>Coherence and Comparability:</i></p>	<p>The dataset provides figures for the numbers &amp; cost of tax allowances, credits, exemptions and reliefs across all taxheads. The data are grouped at the same granularity for all years.</p> <p>Where there is a deviation notes are provided. Provisional data are also identified.</p>
<p><i>Accessibility and Clarity:</i></p>	<p>Published electronically on Revenue's Website &amp; Open Data portal</p> <p>This dataset is consistent with the Open Data Technical Framework:</p> <ul style="list-style-type: none"> <li>• with metadata, methodological and quality information</li> <li>• to Open Data 3-star Format (i.e., machine readable) and</li> <li>• searchable through keywords.</li> </ul>

## 5. Supporting Documentation

[Revenue Statistics - Quality Statement](#)

[Revenue Statistics - Publication and Dissemination Policy](#)

[Revenue Statistics - Publication Calendar](#)

[Revenue Statistics - Statistical Disclosure Control](#)

[Open Data Technical Framework](#)

[Irish Statistical System Code of Practice](#)