Tax Residents → Tax Returns & Payments → Revenue Data → Information

Revenue Perspective on the Corporate Sector

Keith Walsh
Revenue

- Corporation Tax is charged on all profits (income and gains), wherever arising, of companies resident in the State and non-resident companies who trade in the State through a branch or agency (i.e., Permanent Establishment)

- A company resident in the State is liable to Corporation Tax on its worldwide profits, not just its Irish source profits.

- Irish tax resident companies file annual CT1 Corporation Tax Return

- Returns are filed on a company (not group) basis

- Revenue’s Large Cases Division (LCD) administers tax affairs for largest customers but their tax treatment is no different

- Corporation Tax is a self assessment tax

- Large company (liability >€200k), with calendar year accounts

    - First instalment of preliminary tax payable in June of the year
        - PT1 will be 50% of the liability for the preceding accounting period or 45% of the liability for the current period

    - Second instalment of preliminary tax payable in November
        - Will bring the total PT paid to 90% of the liability for the current accounting period

    - CT1 return due to be filed by September of the following year
        - The balance of the tax due is payable at the same time as the return

- CT1 Return
  - Returns for 2015 being filed, need to be parsed, data available Q1 2017
  - All fields completed on the CT1 are recorded
  - 33 page return (on paper), includes extracts from accounts fields
- Financial statements filed with return for large companies
- Other Revenue data linked from our registration system
  - Sector (NACE), other taxes, third party sources,…
  - Foreign owned multinational marker (work in progress)
- CSO receive extracts of CT1 data and have access to accounts
- Revenue also conducts a survey of largest cases every summer to assist Department of Finance receipts forecasting

Tax Residents → Tax Returns & Payments → Revenue Data → **Information**

- Revenue focus on collecting data to assess tax due
- Supply information to the Department of Finance
  - Estimates to assist with forecasts, information to explain receipts
  - Costings, statistics, etc… to support policy-making
- Publish (increasing amounts of) statistics to inform Oireachtas, the public, researchers, other stakeholders
- Bound by taxpayer confidentiality (s851A TCA 1997) and statistical disclosure control guidelines
- Research papers
  - http://www.revenue.ie/en/about/research/research-reports.html
- Statistics
  - http://www.revenue.ie/en/about/statistics/index.html

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

- Corporation Tax Calculation for 2014 (published statistics)
  - Effective rate stable, increases in R&D and double taxation relief

- Corporation Tax Receipts in 2015 (published report)
  - Net receipts of €6.87 billion exceeded prior year's receipts (+49%) as well as the forecast (+50%)
  - €2.2 billion above 2014 receipts
    - Balances for earlier accounting periods €400 million higher in 2015
    - €470 million in payments received from roughly 16,000 companies that did not pay CT in 2014 (over 10% of companies)
    - 12% growth in the overall number of positive CT payers
    - Companies that paid CT in 2014 paid more than €1.8 billion additional in 2015 (€400 million in respect of earlier periods)
    - Of this €1.8 billion, €1.4 billion received from foreign owned multinationals, remaining €400 million paid by indigenous firms
    - LCD and non-LCD growth is similar

- Returns not yet available for 2015 but indications point to generally improved trading conditions driving receipts increase and therefore majority of the surplus expected to re-occur

- Concentration of tax payments
  - Around 80% of receipts from foreign multinational / LCD companies, 41% from top ten cases in 2015
  - Sensitive to economy, sector, group, company or product shocks

- Information on once-offs for large cases used in forecasting
  - Much more significant for Corporation Tax than other taxes

- Gross Operating Surplus is the main macro used for forecasts
  - GOS impacted by once-offs in 2015
  - Not clear that same once-offs as impacted on Corporation Tax receipts

Questions

keithw@revenue.ie

The author is Head of Statistics & Economic Research in the Office of the Revenue Commissioners and a member of the Irish Government Economic & Evaluation Service ("IGEES"). However, any opinions expressed in this paper are the views of the author and do not necessarily reflect the views of the Office of the Revenue Commissioners or IGEES. The author alone is responsible for the conclusions.