

**Statistical Potential of Administrative Records  
An Examination of Data Holdings  
in the Office of the Revenue Commissioners**

**Working Report**

**Central Statistics Office  
February 2009**



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## Preface

The National Statistics Board (NSB), in its Strategy for Statistics 2003-2008<sup>1</sup>, articulated a strategy to support the development of Ireland's statistical system. A key pillar of the Board's strategy was for the CSO to work with Government Departments and Agencies to "harness all the potential of existing data sources while ensuring that the burden of data collection on individuals and enterprises is not excessive". A number of reports have since been produced to support this objective. In September 2003, the CSO completed an examination of social data holdings in six Government Departments<sup>2</sup>. In November 2005, an NSB examination of policy needs for statistical data on enterprises was published<sup>3</sup>. This was followed by a CSO investigation of enterprise data holdings in December 2006<sup>4</sup>.

This report presents the findings of a study into the administrative data holdings within the Office of the Revenue Commissioners (Revenue) which was conducted by a team from the CSO in 2008. The report should be considered to be a "working report" and reflects the interactions between the CSO team and a wide range of contact persons within Revenue. The report covers the identification of the main data holdings in Revenue, an assessment of their statistical potential, and recommendations as to how greater statistical value may be drawn from such data holdings. On foot of this report, the CSO agreed with Revenue to put in place a framework to enable greater and more systematic use of Revenue data by the CSO. A key element of this framework will be the ability to link data through a common identifier. Progress on this framework will contribute significantly to the reduction of the overall administrative burden placed on Irish businesses and also lead to improvements in the efficiency of statistical processing.

I would like to thank all of the participants in the study, including the staff in the Office of the Revenue Commissioners who generously gave of their time and expertise.



Gerard O'Hanlon  
Director General

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<sup>1</sup> [http://www.nsb.ie/pdf\\_docs/StrategyforStatistics2003-2008.pdf](http://www.nsb.ie/pdf_docs/StrategyforStatistics2003-2008.pdf)

<sup>2</sup> [http://www.cso.ie/releasespublications/documents/other\\_releases/spar.pdf](http://www.cso.ie/releasespublications/documents/other_releases/spar.pdf)

<sup>3</sup> [http://www.nsb.ie/pdf\\_docs/policy\\_needs.pdf](http://www.nsb.ie/pdf_docs/policy_needs.pdf)

<sup>4</sup> [http://www.cso.ie/releasespublications/documents/other\\_releases/spar\\_bes.pdf](http://www.cso.ie/releasespublications/documents/other_releases/spar_bes.pdf)



# Executive Summary

## Introduction

The Central Statistics Office (CSO), with the cooperation of the Office of the Revenue Commissioners (Revenue), has conducted an examination of the statistical potential of taxation, duty and trade data collected by the Revenue Commissioners. The key driver for this work is the need to maximise the use of administrative data for statistical purposes in order to reduce the overall administrative burden on businesses and generate enhanced statistical outputs in support of evidence-based policy making.

In March 2008, the Government decided that the administrative burden of regulations on business should be cut by 25% by 2012. The Government decision follows an invitation to Member States by the 2007 Spring European Council to set a national target for reduction.

The Business Regulation Forum, which reported in April 2007, recommended that a burden reduction programme should be introduced in Ireland and that the administrative burden reduction effort should concentrate on five priority areas of regulation: Taxation, Environment, Health & Safety, Statistics, and Employment & Company Law. The High Level Group on Business Regulation was established in response to this report to act as a forum for dialogue between business, trade unions and Government agencies and to advise on changes necessary to reduce the burden of regulation on business. To this end, the group has a keen interest in the progress of this exercise.

A key pillar of the National Statistics Board (NSB)'s strategy to progress the development of Ireland's statistical system is for the CSO to work with Government Departments and Agencies to maximise the use of administrative data to generate statistics in support of evidence-based policy making. Arising from this, the CSO undertook detailed examinations of social statistics data holdings in six Government Departments (including Revenue) during 2003. This was followed by a similar exercise relating to business and environmental statistics during 2004 and 2005 in eight Departments. As Revenue was not included in the latter study (because of the scale of the work involved), this exercise completes the CSO's examination of business related data holdings in Government Departments and Agencies.

## **Main findings**

The CSO already makes substantial use of the Revenue Commissioners' data holdings. Some of the key current uses include tax registration data for maintaining the CSO's register of businesses, corporation tax and income tax data for compiling the national accounts, and external trade data for producing trade statistics.

In recent years, the amount of information available in usable electronic format has increased substantially due largely to IT developments in Revenue. It is clear from this examination that there is potential for the CSO to further exploit the data available in Revenue. In general, such data could be used:

- to replace existing data collected through surveys and thus reduce burden on businesses;
- to improve the quality of existing statistics; and
- to produce new or enhanced statistics (e.g. cross-cutting analysis, longitudinal analysis).

The report recommendations are listed in Appendix 1. The key findings are described below:

### **1. Accounts information** [*Potential: Burden reduction*]

The "Extracts From Accounts", which are collected as part of the corporation tax and non-PAYE income tax returns, are currently used in compiling the national accounts. They could also be used in the CSO's structural business statistics. The annual structural business surveys collect a wide amount of information from businesses. Around 28,000 businesses are included in these surveys each year. While the amount of information collected on trading activity is much more extensive than that collected for tax purposes, an overlap does exist.

There is potential to reduce the burden, particularly on small businesses, by using these tax data combined with statistical estimation techniques to reduce the need for direct data collection. The CSO should investigate this possibility in greater detail.

### **2. Registration of businesses** [*Potential: Burden reduction*]

The CSO uses tax registration data to maintain its register of businesses (which is used as a sampling frame for most of CSO's business surveys). While there are increasingly close links with Revenue with regard to registration, it is still necessary for the CSO to directly survey new enterprises to collect all the information it needs, under EU legislation, for its business register. Typically about 50,000 businesses are surveyed per year.

There is potential for further alignment of the two registration processes which could result in a single registration process, thus eliminating the CSO survey to new businesses. It is recommended that the CSO and Revenue explore this matter further.

It should be noted that Revenue initiated a working group in 2008 to investigate the feasibility of e-registration. The CSO is liaising with Revenue on this project.

### **3. NACE coding** [*Potential: Quality improvement/Efficiency*]

Linked to the registration process is the issue of coding businesses to an economic sector (using the NACE classification). The use of consistent classifications across administrative/statistical sources would enhance the quality of statistics from both sources. As part of a single registration process (outlined above), the CSO could be in a position to allocate NACE codes for use by both offices. This matter should be further explored in the context of a single registration process.

### **4. Common business identifier** [*Potential: Quality improvement/Efficiency*]

The NSB's *Policy Needs for Statistical Data on Enterprises* report made recommendations relating to the need for a unique business identifier and a central business register. A key driver for the establishment of such an identifier is to ensure consistency of data, ease of linking data and to create a system that can be fully integrated (with the potential to minimise respondent burden). On foot of that report, the Government established a cross-departmental group to examine the feasibility of introducing such infrastructure. At the time of writing, the group had not concluded its report.

It is vital, in order for the CSO to utilise Revenue data efficiently, that the business identifiers in use in Revenue are linked to those in the CSO. The CSO has, over the last number of years, invested significant resources in developing a link between its unique identifier and the identifiers used by Revenue. In the absence of a system-wide unique business identifier and central register, it is recommended that the use of a common identifier between Revenue and the CSO be pursued (probably one of the existing Revenue identifiers should be adopted by the CSO). While the use of a common identifier is not as straight-forward as it might appear due to differences in concepts of tax entities and statistical entities, pursuit of this matter is, nevertheless, considered very worthwhile.

### **5. Cross-cutting analysis** [*Potential: Enhanced outputs*]

The CSO is in a position, through the *Statistics Act, 1993*, to link data files from different administrative and statistical sources (assuming common identifiers exist). The benefits of integrating data sets include: the production of new or enhanced statistics without additional statistical surveys; the production of more disaggregated information for measures where some information currently exists; and the ability to carry out research. As a result, policy-makers have access to more detailed and consistent aggregate data. The data holdings in Revenue are a rich source with great potential for cross-cutting analysis and the CSO should aim to exploit this potential. The availability of a broader range of analyses may also be of interest to the Revenue Commissioners.

## **6. Memorandum of Understanding**

With expanding use of Revenue data, the CSO will have a greater dependency on Revenue for the provision of data. As the statistics produced are either required by EU law or for national policy purposes, the CSO must be in a position to compile all relevant official statistics. Therefore, it is critical that the CSO be regarded by Revenue as a stakeholder when Revenue is considering changes that affect the scope and content of the data collected and the ways in which it is stored and made available.

Given the increasing emphasis on administrative burden reduction, it is important that a coordinated approach be adopted in order to ensure that the overall burden on business, rather than the burden placed by individual Offices, be reduced.

It is recommended that both Offices put in place a formal memorandum of understanding that recognises the critical dependencies and addresses the key concerns of both organisations.

## **7. Statistical quality**

While the data in Revenue should be used extensively for statistical purposes, it is often the case that these data do not exactly meet the requirements of official statistics. This can be due to different concepts and definitions being applied for taxation and statistical purposes. For the most part, these problems can be overcome by applying estimation techniques or scaling factors to the data when using them for statistical purposes. Nevertheless, there may be cases where the data cannot be used with confidence without supplementary information.

In addition, it should be recognised that the data that are of most interest for statistical purposes are not always the key variables of interest for taxation purposes and thus the focus of data collection and quality checking can differ. With this in mind, in advance of implementing many of the recommendations in this report, in-depth assessments of the viability of using such data need to be undertaken.

## **8. Data protection**

Protection of data is of utmost concern to both Revenue and the CSO. The *Statistics Act, 1993* allows the CSO access to the records of public authorities for statistical purposes and sets stringent standards to protect the confidentiality of all data collected under it. EU legislation reinforces these confidentiality provisions for data collected for EU statistical purposes. EU legislation also puts in place a legal framework within which confidential data may be transmitted to Eurostat for statistical purposes. The confidentiality of any such data is guaranteed in law. In effect, this could lead to a situation whereby Revenue data, which are used by the CSO, could be transmitted to Eurostat. It is recommended that the uses of and the confidentiality of the Revenue data to be utilised by the CSO be addressed in the recommended Memorandum of

Understanding (above), recognising the role of the *Statistics Act, 1993* and EU legislation in this regard.

It is recommended that the CSO appoint a data custodian to be responsible for the management and use of Revenue data stored in the CSO. This person should be the main point of contact with Revenue with regard to requests for data. In addition, the data custodian should become the CSO expert on the Revenue data sources and their potential for statistical and policy usage. Similarly, a single point of contact within the Office of the Revenue Commissioners would streamline interactions between the two organisations.

## Introduction

### Background

The National Statistics Board (NSB), in its *Strategy for Statistics 2003-2008* report, called for a more systematic use of administrative records as a primary source of official statistics. In the report, the Board concluded that “the continually increasing demand for better statistics cannot be met by introducing new, or extending existing, CSO [Central Statistics Office] surveys following a traditional incremental approach,” and recognised a challenge for Irish official statistics to “harness all the potential of existing data sources while ensuring that the burden of data collection on individuals and enterprises is not excessive.” In 2005, in its *Policy Needs for Statistical Data on Enterprises* report, the NSB again stressed the need to maximise the use of administrative data to generate statistics, and stated as a principle that “where the same data is needed by more than one government body, that data should be collected only once”. This report also identified a need to introduce a unique business identifier and a centrally maintained accessible business register, in order both to reduce the burden on respondents and to add significant value to data collection.

The Business Regulation Forum, which reported in April 2007, recommended that a burden reduction programme should be introduced in Ireland and that the administrative burden reduction effort should concentrate on five priority areas of regulation: Taxation, Environment, Health & Safety, Statistics and Employment & Company Law. In response to this report, the government established the High Level Group on Business Regulation, a forum for business, trade unions, and government agencies which operates under the auspices of the Minister for Enterprise, Trade and Employment, to coordinate efforts towards meeting this goal in Ireland.

The emphasis on reducing administrative burden is reflected also in the European Statistics Code of Practice. Under Principle 9 (“Non-excessive burden on respondents”), there is a requirement that “administrative sources are used wherever possible to avoid duplicating requests for information.” More widely at European level, the objective of administrative burden reduction has been brought to prominence through the EU Action Programme for reducing administrative burdens, which was agreed at Spring Council in 2007 and which set a target of a 25% reduction in burden by 2012. This target was subsequently adopted by the Irish government (in March, 2008).

From the perspective of the Central Statistics Office, the *Statement of Strategy 2008-2010* lists “Increasing the use of administrative data for statistical purposes” as one of the CSO’s five high-level goals; allied to this is another of the high-level goals, “Minimising the burden on survey respondents.” Moreover, the Statistics Act, 1993 not only states the authority of the Director General of the CSO to access administrative data held by other bodies, but may also be interpreted as expressing an expectation that such administrative data would be utilised:

(Section 10.3) *The [Central Statistics] Office shall have authority to assess the statistical potential of the records maintained by public authorities and, in conjunction with them, to ensure that this potential is realised in so far as resources permit.*

(Section 31.1) *The Director General [of the Central Statistics Office] may request any public authority to consult and co-operate with him for the purpose of assessing the potential of the records of the authority as a source of statistical information and, where appropriate and practicable, developing its recording methods and systems for statistical purposes, and the public authority shall comply with any such request, in so far as resources permit.*

## **This report**

This report presents the findings of an examination into the administrative data holdings within the Office of the Revenue Commissioners (Revenue) which was conducted by a team from the CSO, in cooperation with Revenue, in 2007-2008. It covers the identification of the main data holdings, an assessment of their statistical potential, and recommendations as to how greater statistical value may be drawn from such data holdings. This report follows on from the 2003 report *Statistical Potential of Administrative Records - An Examination of Data Holdings in Six Government Departments*, which examined data holdings related to social statistics, and includes a chapter on the Revenue Commissioners, and the 2006 *Statistical Potential of Business and Environment Enterprise Data Holdings in Selected Government Departments* report on enterprise data holdings, which does not cover Revenue.

## **Revenue and the CSO**

The core function of the Office of the Revenue Commissioners is to collect taxes and duties and to implement customs controls. The Revenue mission statement (from *Statement of Strategy 2008-2010*) is:

*To serve the community by fairly and efficiently collecting taxes and duties and implementing Customs controls.*

In addition to this core function, Revenue also performs agency work on behalf of other departments and agencies which is closely allied to its business and fits in with its structures, systems and expertise. Examples of such work include the collection and remittance of PRSI and Health Levies for the Department of Social and Family Affairs and the Department of Health and Children, respectively, and the collection of trade data for the CSO.

In fulfilling the above role, Revenue interacts with almost every citizen and business in the State, and, as a result, collects administrative data which are a very extensive and useful source of statistical information. Indeed Revenue produces a range of such statistics itself, in the form of the annual *Statistics Report*, which has been found to be very useful in a number of statistical processes within the CSO.

Revenue's approach to sharing data with other government departments is defined in the document *Revenue's Data Strategy*:

*Revenue maintains Data primarily to satisfy these [Revenue] business needs. To the extent that Data provided for these purposes is maintained in a format that can readily be made available to other Departments and agencies Revenue will do so where requested and where permitted by law, **subject to compliance with required security safeguards and standards.***

For completeness, it may be mentioned in this regard that the CSO's right of access to such data is laid out in Section 30.1 of the Statistics Act, 1993 as follows:

*For the purpose of assisting the [Central Statistics] Office in the exercise of its functions under this Act, the Director General may by delivery of a notice request any public authority to—*

- (a) allow officers of statistics at all reasonable times to have access to, inspect and take copies of or extracts from any records in its charge, and*
- (b) provide the Office, if any such officer so requires, with copies of extracts from any such record, and the public authority shall, subject to subsection (2) of this section, comply with any such request free of charge.*

It is also appropriate to refer here to Section 33.1 of the Statistics Act, 1993, which places the following prohibition on the CSO's disclosure of information:

*No information obtained in any way under this Act or the repealed enactments which can be related to an identifiable person or undertaking shall, except with the written consent of that person or undertaking or the personal representative or next-of-kin of a deceased person, be disseminated, shown or communicated to any person or body except as follows—*

- (a) for the purposes of a prosecution for an offence under this Act;*
- (b) to officers of statistics in the course of their duties under this Act;*
- (c) for the purposes of recording such information solely for the use of the office in such form and manner as is provided for by a contract in writing made by the Director General which protects its confidentiality to his satisfaction.*

These national statistical confidentiality provisions are reinforced by the following EU legislation concerning data collected for EU statistical purposes: Council Regulation (EC) No 1588/90, on the transmission of data subject to confidentiality to the Statistical Office of the European Communities (Eurostat); and Council Regulation (EC) No 322/97 on Community Statistics. In a situation where the CSO is exploiting administrative data for statistical purposes, there exists the possibility that these data will be transmitted to Eurostat; transmission of such data would therefore be within the confidentiality framework laid out in Council Regulation (EC) No 1588/90. (The two regulations named will shortly be consolidated into a single regulation, the "Regulation on European Statistics", for which an instrument number is not yet available.)

Finally, it should be noted that *Revenue's Data Strategy* lays out Revenue's position on requests from other departments for *additional* data:

*Because of the significant effort involved, Revenue is not in a position to collect or maintain data that it does not require for its own business purposes, solely to satisfy the Data needs of other Departments and Agencies, without giving careful consideration to a number of issues, such as: authority to do so; cost of doing so; IT development requirements; interference with Revenue's core business; and security issues.*

### **Approach to the project**

It was considered that the most appropriate way to conduct an examination of Revenue data holdings was to look at each of the major tax and levy types individually. Accordingly, in a series of meetings during the period November 2007 to May 2008, the CSO team met with teams of Revenue experts on each of these taxes and levies. All meetings were facilitated by Revenue's Research Unit, part of the Strategic Planning Division.

The main taxation and levy types examined were:

- Corporation Tax
- Value Added Tax
- Income Tax
- External Trade data (not a tax/levy)
- Vehicle Registration Tax
- Relevant Contracts Tax
- Capital Acquisitions Tax
- Capital Gains Tax
- Stamp Duty
- Dividend Withholding Tax
- Environmental Levy on Plastic Bags
- Deposit Interest Retention Tax

Revenue's tax registration system was also examined.

In this report, each of the above taxes and levies, and the tax registration system, are considered in turn, with a section devoted to each. The report recommendations are listed in Appendix 1. Details of each tax/levy type are contained in Appendix 2, along with the corresponding data sources. The current CSO usage of Revenue data is summarised in Appendix 3.

### **Appreciation**

The CSO team extend their grateful appreciation to all Revenue staff who contributed to the SPAR exercise.

## 1. The Revenue data environment

In terms of the four most important tax types, Revenue's customer base in 2007 could be quantified as follows: 149,000 companies registered for Corporation Tax, 287,000 traders registered for VAT, 2.6 million PAYE employments, and 580,000 entities registered for self-assessment Income Tax.

Most of the major tax/levy systems in Revenue are supported on the Integrated Taxation Services (ITS) system, which was introduced in the late 1990s; the remaining tax/levy systems are gradually being migrated to ITS. ITS incorporates a number of systems, including Integrated Taxation Processing (ITP) and the Common Registration System (CRS). ITP is the component of ITS in which the tax and levy data collected in the various Revenue returns are stored and processed. The CRS contains the register of tax entities. The entity information held on the CRS includes the name and address, nature of trade, the incorporation date (if a company), the date on which trading commenced, and the marital status (if an individual).

### ROS

ROS, initiated in 2001, is Revenue's online filing system. ROS also incorporates the Automated Entry Processing (AEP) system used for recording trade with non-EU states. In 2007, ROS supported the filing of over 20 taxes and duties. In that year, 74% of self-assessed Income Tax returns were made via ROS, 66% of Corporation Tax returns, 46% of P35 returns, 34% of VAT3 returns, and 94% of new VRT registrations.

### Unique Business Identifier

As mentioned in the Introduction, the NSB's *Policy Needs for Statistical Data on Enterprises* report in 2005 identified a need to introduce a unique business identifier (UBI), in order both to reduce the burden on respondents and to add significant value to data collection. In 2006, the Irish government established a cross-Departmental group, under the auspices of the Minister for Enterprise, Trade and Employment, to examine the feasibility of introducing a UBI. (At the time of writing, the group had not concluded its report.) In 2008, the *High-Level Group on Business Regulation: First Report* emphasised the strategic importance of the UBI project in reducing the administrative burden on business.

There are numerous advantages to the adoption of a UBI. The use of unique identifiers would facilitate activity (NACE) coding; would permit consistent measurement of the actual response burden on business and the distribution of that burden by business size and type; would make it possible to reduce duplicate data collection of some variables by making use of data collected in the inquiries of other government bodies; and would allow for other efficiencies in data collection and processing.

As will be seen from the examination of the various tax and levy types in this report, there is great potential for linking of Revenue and CSO data records. Such potential can only be fully realised through agreement on a common business identifier. In practice, the basis of a common identifier already exists, using one of Revenue's existing identifiers; the adoption of a common identifier between Revenue and the CSO should therefore be pursued.

**Recommendation 1:** Revenue and the CSO should bilaterally agree on the adoption of a common business identifier.

### **Data transmission**

Currently, data transmission between Revenue and CSO is via encrypted File Transfer Protocol (FTP) to a server on the e-government network. This ensures security of data transfer between the two Offices. It should be noted here, however, that exchange of data between Revenue and the CSO is one-way, from the former to the latter, except in the limited cases (and as permitted by the Statistics Act, 1993) of transmission of external trade data and NACE code information.

There should be an ongoing review of data transmission mechanisms between the two Offices.

**Recommendation 2:** There should be an ongoing review of data transmission mechanisms between the two Offices.

## 2. Tax registration

### 2.1 Introduction

There are four main tax registration forms in use by Revenue.<sup>5</sup>

Once a company has registered with the Companies Registration Office (CRO), the CRO informs Revenue of the registration—a tape of registered companies is sent every fortnight—and Revenue subsequently issue a Form 11F CRO to the new company. The major variables collected on the 11F CRO are:-

- 1) Name of company;
- 2) Address of company;
- 3) Date of commencement of business;
- 4) Nature of business;
- 5) Accounting date;
- 6) If a substantial part of the company's business will be conducted by a company which is not resident in the State;
- 7) (If 'yes' to the previous question) the name and address of this non-resident company).

In addition, companies which are incorporated, but not resident, in the State, are asked for additional information: (i) the name of the country in which the company is resident; (ii) in cases where the company is owned by persons resident in the EU or a tax treaty country and it or a related company is trading in the State, the name and address of the company trading in the State; in cases where the company is not resident in the State by virtue of a Double Taxation Agreement, (iii) the name and address of the quoted company (if controlled by a quoted company) or (iv) the names and addresses of individuals who beneficially own the company (if not controlled by a quoted company).

A company may also use the 11F CRO to register for Corporation Tax (CT); however, registration for CT is only compulsory once the company begins trading. Revenue informs the CRO of failure to return this form, upon which the CRO may strike the company off the register.

If a company does not choose to register for CT using the 11F CRO, it may subsequently do so using form TR2. The TR2 may also be used to register for VAT, as a PAYE/PRSI employer, as a Principal Contractor (for Relevant Contracts Tax), or any combination of these.

Registration form TR1 is returned by individuals upon commencement of self-employment, and by partnerships, trusts and unincorporated bodies upon commencement of trading or business activity. This form may be used to register for income tax, for VAT, as a PAYE/PRSI employer, as a Principal Contractor, or any combination of these.

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<sup>5</sup> The rarely-used *Registration Form for Collection Agents acting on behalf of non-resident landlords* and *Registration Form for voluntary non-profit making organisations* are not dealt with in this report.

On forms TR1 and TR2, the sections on registration for VAT, as a PAYE/PRSI employer, and as a Principal Contractor are identical, and there are also a number of shared questions in the business details section. The questions *common* to both forms include:-

- 1) Trading name;
- 2) Business address details;
- 3) Legal format;
- 4) Type of business;
- 5) Description of business;
- 6) Date to which annual accounts will be made up;
- 7) Whether the business will supply plastic bags to customers;
- 8) Date of commencement of business activity;
- 9) If the business premises is rented, details of rent, landlord, etc.;
- 10) If the business was acquired from a previous owner, the name and address of such person;
- 11) (VAT section) reason for registering;
- 12) (VAT section) whether applying for a moneys received basis of accounting, and reason for this;
- 13) (VAT section) for a foreign business registering in the State, the expected annual turnover from supplies of good and services within the State;
- 14) (VAT section) bank/building society details (for making VAT refunds);
- 15) (VAT section) details of property purchased/developed as part of the business;
- 16) (PAYE employer section) number of full-time employees,
- 17) (PAYE employer section) number of part-time employees;
- 18) (Principal Contractor section) date of commencement as a principal contractor;
- 19) (Principal Contractor section) number of uncertified subcontractors engaged.

The other questions on the TR2 are: the full name of the company (under the Companies' Acts); the date of registration and CRO number (if an Irish registered company); and, if a foreign registered company, the business address within the State. The remaining questions on the TR1 form are broken down by whether the entity is an individual or a trust/partnership. Individuals are required to provide: name, private address, gender, date of birth, nationality, marital status, PPS Number, and spouse's name and PPS Number. Trusts/Partnerships are asked for: the name of the body being registered, the name and address of the responsible person, and the name, address and PPS Number of all partners, trustees or other officers.

Finally, the PREMReg form is designed for entities wishing to register as PAYE/PRSI employers, and all such entities must already be registered for Income tax (if employees or self-employed) or Corporation Tax. Amongst the information collected are the name or the person or company registering; PPS Number (if a person); Income Tax Number, Corporation Tax Number, Value Added Tax Number (as applicable); description of business or reason for registering (if registration is for domestic reasons), and number of employees.

## **Processing**

Filing via ROS is currently not available for any of the four registration forms. All data on registration forms TR1, TR2, and PremReg are electronically captured (by keying). The data are input to the Common Registration System (CRS), which is part

of ITS. It should be noted that 11F CRO data are only captured in cases where the entity has requested registration for Corporation Tax. In the case of registration for VAT, the data are typically captured within ten days of receipt of the form; while, for the other tax types, data capture takes five days. Validation checks are carried out during the data capture process.

In the case of a company, if, subsequent to registration, it indicates, via a Corporation Tax (CT1) return, that the nature of its business has changed, then the CRS is updated with the new activity and the original NACE code is revised.

## **2.2 Statistical potential of data holding**

The Central Business Register (CBR) is the CSO's central repository of identification information for the population of Irish businesses. It also acts as a sampling and grossing frame for the main CSO business surveys. In addition to business name and address, the CBR contains information on whether a business is an enterprise or a local unit (of an enterprise), what its legal format is (i.e., company, partnership, sole trader), and the numbers employed and annual turnover of the business, and holds various classifications, such as those for business activity (NACE Rev. 1.1. and NACE Rev. 2) and region (NUTS, etc.).

Currently, Revenue supplies files on VAT registrations, CT/IT registrations, and PREMReg registrations to the Central Business Register section. These are the primary sources of information available to the CSO on births of new enterprises, and will remain so into the future. However, the CSO must still conduct a survey of new businesses (the Business Register Inquiry), after being alerted to their existence by Revenue, to gather additional identification information.

A development to Revenue's registration system could obviate the need for the Business Register Inquiry (which surveyed more than 51,000 new enterprises in 2007), and thereby reduce the administrative burden on business. This survey could be eliminated if a number of additional questions, relating to ownership structure, were inserted in and data captured from the TR2 and 11F CRO forms. Revenue's ICT and business systems would have to be developed to accommodate these new items. This would also have to be factored into Revenue's development schedule in line with ICT strategy and tax collection mandate. No timescale is available for this at present. In the meantime, if Revenue could provide the CRS company and Group ownership structure (and associated CRO and PPS numbers) to the CSO, this would be very useful.

With respect to the coding of businesses to economic sector, Revenue is currently in the process of adopting the NACE Rev. 2 classification. The CSO has assisted Revenue in the past in assigning NACE Rev. 1.1. codes, and is, at the time of writing, doing so in moving to NACE Rev. 2. Moreover, the CSO is willing to explore options with Revenue on assigning and updating NACE codes into the future.

The Central Business Register section also receives a file linking companies which have made CT returns with companies registered with the Companies Registration Office (CRO). The CSO would be able to make greater use of the CT registrations file

if it had a CT-CRO linking file for *all* companies registered for CT (as distinct from only those which have made CT returns); such a linking file, produced on a quarterly basis, is something which could be provided by Revenue. Also, as not all of the data collected on Revenue registration forms is currently being forwarded to CSO, access to the full details would be very useful.

Finally, it should be noted that Revenue initiated a working group in 2008 to investigate the feasibility of e-registration, and it is hoped, subject to resource availability, that such a facility can be delivered within three to five years. The CSO is liaising with Revenue on this project.

### **2.3 Recommendations**

**Recommendation 3:** The CSO should continue to avail of, and expand the use of, Revenue tax registration data as its main source of business registration information for the Central Business Register.

**Recommendation 4:** The CSO and Revenue should liaise on the registration of businesses. This might require the adding of a number of questions relating to ownership structure to the TR2 and 11F CRO forms. The capture of such data by Revenue, which is subject to resources and priorities, could obviate the need for the CSO's Business Register Inquiry, so reducing the administrative burden on business. The discussion should also cover how the CBR can avail of updates to the CRS for existing records (in addition to receiving births data).

**Recommendation 5:** Following the current cooperation on assigning NACE Rev. 2 codes, the two Offices should explore ways in which the CSO and Revenue can work together on assigning and maintaining NACE codes into the future.

## 3. Corporation Tax

### 3.1 Introduction

The Corporation Tax (CT) regime in Ireland originated in the 1970s. Revenue holds CT data in electronic format in ITS from the year 2001 onwards.

All active Irish-resident companies and non-resident companies operating through a branch or agency in Ireland are required to make an annual submission, on Revenue inquiry form CT1, for the assessment of corporation tax. “Active” in this context does not necessarily mean “trading”, as non-trading entities deriving income from other sources are also obliged to make a CT1 return. Examples of such non-trading income are interest on deposit accounts, foreign income, patent royalties, rental income from land and buildings. It should be noted that a company is required to make a CT1 return even in the case where it has made a loss.

The period covered in the CT1 return is the company’s accounting period, and companies are required to make the CT1 return within nine months of the end of their accounting period. (CT1 forms are therefore received continuously throughout the year in Revenue.) There are situations where the accounting period of the company will be less than twelve months; CT1 returns may therefore be filed for periods of less than twelve months.

It should be noted that, although the CT1 return is due within nine months of the end of a company’s accounting period, the company is required to make a preliminary payment of tax in the month preceding the end of the accounting period. This payment is submitted with a Preliminary Tax Letter, which shows only the company identification and the amount being remitted. Budget 2009 introduced a change in respect of companies with CT liability in excess of €200,000 in their previous period: such companies must now submit their preliminary tax payment in two instalments, the latter still being due in the month preceding the end of the accounting period.

At the end of 2007 there were somewhat more than 149,000 companies registered as “live” for corporation tax..

The major variables collected on the CT1 form include:-

- 1) Nature of business;
- 2) Trading profit at the standard (12.5%) rate;
- 3) Capital allowances at the standard rate;
- 4) Trading profit at the manufacturing (10%) rate;
- 5) Capital allowances at the manufacturing rate;
- 6) Excepted trade profits;
- 7) Profits relating to qualifying shipping activities;
- 8) “Extracts From Accounts” items: income (three items), purchases, gross trading profits, expenses (including salaries, interest payable, and depreciation), and certain balance sheet items (including stocks of goods, debtors, creditors, and shareholders funds, but not including fixed assets and some other items);
- 9) Rental income;

- 10) Interest arising in the State;
  - 11) Foreign income;
  - 12) Offshore funds;
  - 13) Capital gains (other than land with development value);
  - 14) Deductions;
- Major variables on the CT1 form (continued):-
- 15) Reliefs;
  - 16) Other credits;
  - 17) Distributions from companies resident in the State;
  - 18) Capital gains on land with development value;
  - 19) Exempt profits;
  - 20) Individual directors' emoluments (including names and PPS Numbers);
  - 21) Individual shareholders in close companies (name, address, and Tax Ref. No.);
  - 22) Group structure (name, Tax. Ref. No., and country of residence of parent and each subsidiary);
  - 23) Associated companies (name and Tax. Ref. No. of each company; name and Tax. Ref. No. of each shareholder);
  - 24) Foreign deposit accounts and other offshore products;
  - 25) Details of distributions made by the company;
  - 26) Claims for relief under property based incentive schemes.

The CT1 form may be returned in paper format or via ROS. All fields on the paper returns are captured. Returns are received throughout the year and the data required to produce notices of assessment are processed on a timely basis. Statistical data, including "Extracts from Accounts", are captured in the November to January period. The calendar year in which the end of the accounting period occurs is taken to be the reference year for producing Revenue statistics.

With respect to companies with international identities, the following exclusions/inclusions are made in the CT1 return:-

- For an Irish-resident company with foreign branches, the CT1 return should include profits/income arising abroad. (The company may also be obliged to pay tax to foreign states on income/profits of branches there.)
- For an Irish-resident group parent, the CT1 return does not include profits/income of Irish subsidiaries (since the subsidiary is required to make a CT1 return itself).
- For an Irish-resident group parent, the CT1 form does not include profits/income of foreign subsidiaries.
- For a non-resident company trading through a branch in Ireland, the branch is required to make a CT1 return on its own behalf.
- An Irish subsidiary of a non-resident company is obliged to make a CT1 return covering just its own operations.

Revenue's Large Cases Division (LCD) handles the tax affairs of corporations having annual turnover of at least €150 million or a total tax liability of more than €13 million (2008 thresholds), of the commercial semi-state companies, of corporations in the financial services sector (regardless of turnover and tax liability), and of corporations in certain sectors having relatively few large scale enterprises, such as motor distributors (again, regardless of turnover and tax liability). If an entity falls under the remit of the Large Cases Division (LCD), the monitoring and auditing of all

of its affairs, including Corporation Tax, Value Added Tax, etc., are dealt with by LCD.

### 3.2 Statistical potential of data holding

The CT file is one of the most valuable Revenue data sources for business statistics, both for national accounting and (potentially) for structural business statistics. Within the CT1 form, the section of greatest interest at present is the “Extracts From Accounts” (corresponding to the “Accounts Menu” section in ROS), containing important variables such as turnover, purchases, salaries, and stocks.

The following recent change in Revenue data collection practices should also be noted. Companies with annual turnover of €20 million or more (2008 threshold), which previously (specifically, for accounting periods ending before 31 July 2007) were required to submit a full set of accounts with the CT1 form, are no longer required to do so as long as they fill in the following six fields in the “Extracts From Accounts” section of the CT1 form: Sales/Receipts/Turnover; Gross Trading Profit; Salaries and wages; Sub-contractors (construction industry); Shareholders Funds; Profit/Loss on ordinary activities before taxation. All LCD cases, however, are still required to submit a full set of accounts (in addition to filling in the six “Extracts From Accounts” variables). Companies with turnover of less than €20 million are not (and were not) required to submit a set of accounts, but are required to complete all relevant fields on the “Extracts From Accounts”.

The new approach described above may be summarised in the table below. Note that this procedural change reduces the amount of accounts data available to the CSO. In particular, no longer requiring many of the “Accounts Menu” variables from the middle-size companies, who now file less information than the smallest ones, is a significant loss, and is something which the two Offices should discuss from the point of view of reducing the overall administrative burden on respondents.

		Turnover		
		< €20 million	€20 - €150 million	> €150 million (i.e. LCD cases)
	Return audited accounts?	No	No	Yes
Accounts Menu:	Fill all relevant fields?	Yes	No	No
	Fill only six fields?	No	Yes	Yes

Currently, National Accounts division in CSO receives a copy of the CT1 file (including Extracts From Accounts data, where available) annually; most of the variables on the CT1 form are included in this file, including manufacturing trading profits and non-manufacturing trading profits. The data are used in the compilation of GDP and for other national accounting purposes. The CT file will remain an

important data source in the production of such statistics in the future. The CSO should investigate the potential for using CT data to a greater extent in the national accounts.

The CT1 file is also currently used within the CSO as a source of turnover data for the updating of company enterprise information on the Central Business Register, and by Balance of Payments division for estimating or for imputing returns for non-respondents in the case of companies having a foreign trade element.

The CT file could be a very useful source of supporting data, especially for imputing missing fields, but perhaps also in deriving scaling-up factors, in the three CSO structural surveys, viz., the Census of Industrial Production, the Annual Services Inquiry, and the Census of Building and Construction (which, combined, survey approximately 28,000 businesses each year). The most important CT fields in this case would be trade profits, turnover, wages and salaries, and stocks. Imputation is facilitated by the high match rate between companies on the Central Business Register and companies on Revenue's CT1 file; indeed, work is ongoing in the CSO to improve the linkage further. If the CT1 data could be used in the processing of the structural surveys, this would create the potential to reduce the administrative burden currently placed on Irish businesses by these surveys. (It may be noted that the sample sizes of the ASI, CIP, and CBC surveys in 2007 were, respectively, 20,800, 5,700, and 1,500, approximately.)

As an illustration of how Revenue data could be used to reduce administrative burden, it may be interesting to consider the approach in Austria. Since 2002, Statistics Austria (the official statistics agency of Austria) has been using company turnover and employment data supplied by the Austrian Finance Ministry. This has enabled Statistics Austria to survey, in the Services sector, only those companies with turnover of € 750,000 or more, and, for some sub-sectors, the threshold is increased to companies with turnover of €1.5 million or more. For Manufacturing, on the other hand, only companies with 10 or more persons engaged are surveyed, and this threshold is increased to 20 or more persons engaged for sub-sectors in which the 20 persons cut-off point would represent at least 90% of turnover for the sub-sector. The Finance Ministry turnover and employment data are then used in a regression imputation model to estimate all other variables for those Services and Manufacturing companies which have fallen below the survey threshold. This model uses comparisons with the smallest enterprises above the threshold. The CSO is investigating the potential of using a similar model for structural surveys.

It should be borne in mind, however, that, as the CT1 returns are due in Revenue up to nine months after the end of the accounting period, there may be difficulties for structural surveys in using such information for early estimates. It should also be noted that, for some companies, many of the fields on the CT1 return are not filled in. Such blank fields are usually accepted by Revenue as indicating that these fields are not relevant for the company; these fields are left blank when loading to ITP.

Several potential uses of the CT data have been identified above. However, if these are to be realised, the CSO should first conduct an in-depth assessment of the statistical quality of the data.

### 3.3 Recommendations

**Recommendation 6:** The CSO should conduct analyses of CT “Extracts From Accounts” data to determine their value in imputing missing fields, or for deriving scaling-up factors, in CSO structural survey data. This could allow certain questions to be dropped from these surveys, or make it possible to decrease the sample sizes, thus reducing the administrative burden placed on businesses.

**Recommendation 7:** The CSO should conduct a more detailed analysis of CT data to determine whether this source can be exploited further in the compilation of the national accounts.

**Recommendation 8:** The CSO and Revenue should review the list of compulsory reporting fields in the “Accounts Menu”, as there may be benefits here in managing the overall administrative burden on respondents.

## 4. Value Added Tax

### 4.1 Introduction

Value Added Tax (VAT) has been collected in Ireland since 1972.

All traders whose annual turnover from the sale of taxable goods and services exceeds, or is likely to exceed (May 2008 limits), (i) €75,000 in the case of supply of goods, or (ii) €37,500, in the case of supply of services are required to register for VAT. Certain other categories, such as traders making intra-EU acquisitions of goods/services and foreign-based traders conducting business in the State, are also required to register for VAT. In addition, other traders may elect to register for VAT.

Processing of VAT returns is done by the Collector-General's Office, Limerick. If a trader falls under the remit of the Large Cases Division (LCD), then the monitoring and auditing of all of that trader's tax affairs, including Corporation Tax, Value Added Tax, etc., are dealt with by LCD. LCD does not process the VAT returns, but does screen them.

All VAT-registered traders are required to make a VAT-return, which is made on the VAT3 form, and a declaration of turnover, made on the Return of Trading Details (RTD) form. The VAT3 is usually returned on a two-month reporting period. However, certain traders, at the discretion of the Collector-General, are allowed to make returns on an annual, bi-annual and tri-annual basis. In such cases, Revenue invites the trader to submit annually/ bi-annually/tri-annually—the trader cannot apply for this. Approximately 600 traders file monthly VAT3s –these are cases in a permanent VAT repayment position. As of mid-2008, of the 290,000 approx. live VAT cases, approx. 34,000 were annual filers, 20,000 were bi-annual filers, 48,000 were tri-annual filers, and the remaining 188,000 filed bi-monthly. The RTD is an annual return, covering the trader's accounting period.

The variables collected on the VAT3 are:-

- 1) VAT collected on sales;
- 2) VAT paid on purchases;
- 3) Net VAT payable (to Revenue);
- 4) Net VAT repayable (by Revenue);
- 5) Value (VAT-exclusive) of goods supplied to other EU states;
- 6) Value of goods acquired from other EU states (VAT-exclusive).

The RTD asks the (net of VAT) values of:-

- 1) Supplies of goods and services;
- 2) Acquisitions from EU countries & VAT free imported parcels;
- 3) Purchases of stocks for resale;
- 4) Purchases of other deductible goods and services.

Each of the above categories is broken down on the RTD by VAT rate (i.e., 21.5%, 13.5%, 10%, 4.8%, 0%, exempt).

## Processing

For both the VAT3 and the RTD, returns are due by the 19th day of the month following the end of the reporting period. With effect from the 1<sup>st</sup> January 2009, traders who both pay and file via ROS may avail of a deadline extension up to the 23rd day of the month following the end of the reporting period. The VAT3 and RTD may be returned as paper forms, or via ROS. Paper returns of the VAT3 are OCR scanned within the Collector-General's Office; almost all forms are captured within twenty-four hours of receipt. Capture of paper RTD forms is by a combination of OCR scanning and keying. The calendar year in which the end of the accounting period occurs is taken to be the reference year for producing Revenue statistics.

### 4.2 Statistical potential of data holding

One of the main users of VAT3 data in the CSO is External Trade division, where the "Total goods to other EU countries" and "Total goods from other EU countries" figures are used to scale up Intrastat survey results to the level of all VAT-registered traders. This will continue to be an important data source for producing Intrastat statistics in the future.

The other main user of VAT3 data in the CSO is the Central Business Register section. VAT3 tax liability variables are included in the quarterly VAT registrations file received. (See Section 2.2.) This information is used to identify the active VAT traders on the register.

The RTD is of interest statistically chiefly as a source of annual turnover. The advantage of the RTD over the CT1 (the Corporation Tax return) in this respect is the earlier availability of RTD data. It should also be noted that the RTD provides turnover data for both company and non-company VAT traders, whereas the CT1 data are confined to companies. Accordingly, the RTD, in conjunction with the CT1, should be viewed as a source of turnover data for supporting (imputation, scaling-up, etc.) the CSO's structural surveys. Additionally, the RTD variable "purchases of stock for resale" may have some corroborative value for the Census of Industrial Production.

From the VAT3 returns, the "VAT on sales" and "VAT on purchases" data, aggregated to annual level, could be used to impute for missing fields in the same variables on the Annual Services Inquiry. Also, there is potential for the CSO's short-term surveys, such as the Retail Sales Index survey and the Industrial Turnover survey, and perhaps even for the structural (annual) surveys, to use the "VAT on sales" information as an indicator of the trend in sales (and thus as a corroboration of results from these surveys). It is unlikely that actual turnover estimates could be derived from the "VAT on sales" figure, however, due to the different rates of VAT represented in this figure. It would therefore be most advantageous to the CSO if Revenue were to add a question on "Total Sales" to the VAT3 form (and capture such data); indeed, there has been such a question on the VAT3 form in the past. Having such information could allow for a reduction in the sample sizes of the above short-term surveys and introduce other processing efficiencies, leading to a reduction of

administrative burden on business. In addition, “Total Sales” could be used in the calculation of personal expenditure for the national accounts

Finally, the combined VAT3 and RTD data could, providing that the latter can be supplied by Revenue on a quarterly basis and contain the most recent (rolling accounting period) returns, be extremely valuable as a source of up-to-date turnover figures for enterprises on the Central Business Register. The Central Business Register section has already begun to investigate the potential here. (It may be noted that employment and turnover are the two core register variables used in the CSO for sampling and grossing of business surveys.)

The CSO should, in order that the potential usage of VAT data described in the above cases can be realised, first of all conduct an in-depth assessment of the statistical quality of the data.

### **4.3 Recommendations**

**Recommendation 9:** VAT3 “VAT on sales” data could be a useful indicator of sales for short-term surveys, and perhaps even for the structural surveys; this should be investigated by the CSO. If Revenue were also to collect “Total Sales” on the VAT3 form, such information would be much more relevant for the processing of these surveys; it could allow for a decrease in sample sizes, which would mean a reduction of the response burden on Irish business. It is therefore recommended that the two Offices liaise on the feasibility of doing this.

**Recommendation 10:** The CSO should investigate how complete RTD turnover (in addition to Corporation Tax turnover) could be utilised in the processing of structural surveys.

**Recommendation 11:** The CSO should continue with its investigations into using VAT3 and RTD data to provide up-to-date turnover for the Central Business Register, and should discuss with Revenue the frequency with which up-to-date (rolling accounting period) RTD data can be supplied.

## 5. Income Tax

### 5.1 Introduction

#### 5.1(a) PAYE/PRSI

Revenue's PAYE/PRSI data holdings were dealt with in the first SPAR report, *Statistical Potential of Administrative Records - An Examination of Data Holdings in Six Government Departments*. The details below should be viewed as an update of, or as complementary to, the information in the first SPAR report.

The Pay As You Earn (PAYE) system was introduced in Ireland in the early 1960s, and data have been electronically captured from the mid-1990s. The main Revenue forms concerned are the P30, the P35, the P35L, and the P45.<sup>6</sup> All employers having PAYE employees are required to return these forms as follows: the P30 monthly, the P35 and P35L annually, and the P45 whenever an employee commences or ceases employment.

The P30 is the employer's monthly remittance form for PAYE/PRSI deducted, and contains fields for total (i.e., at employer level) PAYE deducted and total PRSI deducted. (Revenue acts as the agent for the Department of Social and Family Affairs in the collection of PRSI payments.) Note that this form does not include fields for employment or earnings.

The (annual) Form P35 is also at the employer level, and requests the following: total PAYE liability, total PRSI liability; total PAYE/PRSI paid; claimed refund/amount payable (as applicable).

The P35L form provides annual details for each employee, including:-

- 1) PPS No.;
- 2) Total pay earned in respect of the employment;
- 3) Total PAYE deducted (or refunded);
- 4) Employee's share of PRSI;
- 5) Total PRSI deducted (includes employer's and employee's share);
- 6) PRSI class and number of weeks in insurable employment;
- 7) Dates of commencement/leaving the employment during the year, if applicable.

The P45 details include:-

- 1) PPS No.;
- 2) Date of birth;
- 3) Dates of commencement or cessation of employment;
- 4) Total pay from the beginning of the calendar year up to the date of cessation of employment, including other employments;
- 5) Total tax paid from the beginning of the calendar year up to the date of cessation of employment, including other employments;

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<sup>6</sup> Associated with the P35L form are forms P35LF (recording employer-level benefit in kind and pension contributions to employees) and P35L/T (recording name, address, date of birth, and mother's pre-marriage name of each employee without a PPS no.), which are not dealt with in this report.

P45 details (continued):-

- 6) Total pay from the beginning of the calendar year up to the date of cessation of current employment;
- 7) Total tax paid from the beginning of the calendar year up to the date of cessation of current employment;
- 8) PRSI class;
- 9) Employee PRSI and total PRSI (employer and employee contributions) paid from the beginning of the calendar year up to the date of cessation of current employment.

Forms P30, P35, P35L, and P45 may all be filed via ROS. The P30 must be returned by the fourteenth day of the month following the reference month; however, employers whose combined PAYE/PRSI deductions for the year are €30,000 or less may return quarterly. With effect from the 1<sup>st</sup> January 2009, employers who both pay and file via ROS may avail of a P30 reporting deadline extension up to the 23<sup>rd</sup> day of the month following the reference period. The P35/P35L must be returned by 15 February following the reference year (which is always January-December for PAYE purposes); again, employers who both pay and file via ROS may avail of a P35/P35L reporting deadline extension up to 23 February following the reference year. The P45 is required to be submitted to Revenue immediately upon commencement or cessation of employment. Data capture from paper returns is by OCR scanning.

### **5.1(b) Self-assessment**

Currently, the entities which are required to make a self-assessment for Income Tax purposes are: chargeable persons; partnerships; and other entities liable for income tax which are not chargeable persons. Additionally, certain other persons may (at the discretion of the Revenue Commissioners) be required to make a self-assessment return.

A chargeable person is one whose income is mainly from a non-PAYE source. Such persons are required to complete and return Revenue Form 11; however, persons having a turnover of less than €1 million annually (and meeting certain other criteria) may return a shorter version of this form, known as Form 11E.

Entities which are not chargeable persons, viz., trusts, estates under administration, and other unincorporated bodies (except partnerships), return Form 1. Partnerships return a Form 1(Firms); however, each partner in the partnership is also required to return a Form 11 on his or her own behalf.

Revenue also targets a certain number of individuals each year to receive its Form 12. The recipients of Form 12 are persons whose main source of income is from a PAYE employment or pension, or who are non-proprietary company directors paying all of their income tax under the PAYE system.

Self-assessment in all cases above is annual, and the deadline for returns is 31 October of the year following the reference year.

The main fields on Form 11/Form 11E are: nature of business or activity; PPS No., marital status, date of birth, and number of dependent children of self; PPS No. and date of birth of spouse; income from trades, professions or vocations of self; income from other sources (rental etc.) of self; income from Irish employments of self; foreign income of self; spouse's income from each of the foregoing categories; capital gains details of self; capital gains details of spouse; extracts from accounts.

Amongst the information collected on Form 1(Firms) are: nature of business, partnership details; Irish rental income; other Irish income; foreign income; profits from trades, professions or vocations; extracts from accounts; and capital gains details. Form 1 collects similar information for trusts etc.

Finally, the details collected on self-assessment Form 12 include: PPS number, marital status, date of birth, and nationality of self; spouse's name, PPS No., and nationality; details of employments of self; income from trade or profession of self; income from fees, rent, and other sources of self; foreign income of self; annual payments and charges made by self; claim for tax credits on behalf of self; capital gains details of self; and corresponding details for spouse in all of the above categories.

Form 11/Form 11E and Form 1(Firms) may be filed via ROS, though not Form 1 or Form 12.

## **5.2 Statistical potential of data holding**

### **5.2(a) PAYE/PRSI**

The CSO's household surveys currently make limited, indirect use of P35L data. Some staff working on the EU Survey of Income and Living Conditions (EUSILC) have manual access to the Department of Social and Family Affairs (DSFA) online system, which incorporates two P35L variables supplied by Revenue, viz. total pay earned in respect of the employment, and number of weeks of insurable employment. It is likely that a number of other P35L variables could be utilised in the processing of household survey data (or possibly allow certain questions to be dropped from the underlying inquiry forms). Indeed, the survey areas do plan to investigate this.

P35L data are also used by Balance of Payments division, in deriving estimates of migrants' earnings.

Currently, the CSO's National Employment Survey (NES) does not make use of P35L data; however the P35L file does contain a number of variables which could be used for quality checking of the NES data, including: pay, net tax deducted, employee's share of PRSI, and total number of weeks of insurable employment.

One inhibiting factor in making use of P35/P35L data is that Revenue's "net pay" figure is not directly comparable to the (gross) wages and salaries figure used in CSO surveys: Revenue's figure is gross wages minus employee contributions to superannuation schemes, health schemes, Personal Retirement Savings Accounts (PRSAs), Retirement Annuity Contracts (RACs), and travel pass schemes.

Nevertheless, it might be possible for the CSO surveys to make an upward adjustment to the P35/P35L pay figures and thus make use of them for imputation purposes; failing this, such data would still be useful as indicators of wage trends. It should be noted as well that Revenue's pay variable relates to total employees, i.e., there is no breakdown by class of employee.

P30 data (the monthly returns by employers of PAYE tax and PRSI) have potential uses as an early and high-frequency macro-economic indicator for earnings.

### **5.2(b) Self-assessment**

As stated above, Form 11/Form 11E data (whether received via ROS or on paper returns) are currently captured; the data are held in ITS, with PPS No. as the unique identifier. Revenue do intend to capture paper returns of Form 1 and Form 1 (Firms) data from tax year 2007 onward, and both forms will also be available on ROS; such data will then be held in ITS (with unique identifier Tax Reference Number).

National Accounts Income division currently receives two files of Form 11/Form 11E data annually from Revenue, one being the "Extract From Accounts" items, and the other being a subset of the other variables on these forms. The information is used in the derivation of national GDP, but potentially could also be useful in the computation of regional household income. When the Form 1 and Form 1 (Firms) data become available in ITS, the income and accounts data from these should also be used.

CSO's structural surveys do not at present make use of Form 11/Form 11E or Form 1 (Firms) data. However, as these forms are the self-employed and partnership analogues of the CT1 (Corporation Tax) return, the remarks made in Section 3.3, regarding the potential of CT1 data for supporting the processing of structural surveys, are valid in respect of Form 11 and Form 1 (Firms) also. Similarly, Form 11 and Form 1 (Firms) data are a source of turnover and employment data for the updating of non-company enterprise information on the CSO's Central Business Register.

### **5.3 Recommendations**

**Recommendation 12:** As Form 11 and Form 1 (Firms) are analogues of Form CT1 (Corporation Tax), the CSO should investigate the use of such data in supporting the processing (through imputation, scaling-up, etc.) of structural surveys.

**Recommendation 13:** The CSO should use Form 11 and Form 1 (Firms) turnover and employment data in updating non-company enterprise information on the Central Business Register.

**Recommendation 14:** Form 1 and Form 1 (Firms) "Extracts From Accounts" data, once these become available, should be considered for the compilation of the national accounts.

**Recommendation 15:** The CSO should consider the feasibility of using P35L data for quality checking purposes in the National Employment Survey.

**Recommendation 16:** The CSO should continue to investigate the potential for processing efficiencies by linking household survey data with P35L and P45 data.

**Recommendation 17:** The potential use of monthly P30 data should be explored.

## 6. External Trade data

### 6.1 Introduction

The gathering of external trade data (via the customs and excise mechanism) in Ireland precedes the formation of the State. The process was streamlined in 1987, when the Single Administrative Document (SAD) was introduced. Since 1993, with the inception of the single European market, the SAD has been used to record trade with non-EU states and trade with territories of the EU which are not part of the customs union, while intra-EU trade has been measured by means of the Intrastat survey. The VAT Information Exchange System (VIES) survey, measuring dispatches from Irish VAT-registered traders to VAT traders in other EU states, has also been in operation since 1993. Revenue's VIMA Branch, based in Dundalk, collects and edits the data for each of the above (i.e., SAD system, Intrastat survey, VIES survey). SAD data, known as Extrastat, and Intrastat data are transmitted to the CSO for use in the compilation of the CSO's external trade statistics. The CSO provides Intrastat data to Eurostat, while VIMA provides Extrastat data to Eurostat.

Traders importing/exporting from/to non-EU states are required to make a SAD declaration. For large importers, a single declaration covering all imports for a period – usually a month - may be used, avoiding the need to file individual declarations. A SAD is required for all import and export movement of goods. All VAT-registered traders who have annual arrivals from EU states of value in excess of €191,000, or dispatches to EU states of value in excess of €635,000 (2009 rates in each case), are required to return a completed Intrastat form each month. In the case of VIES, all VAT-registered traders dispatching goods to VAT-registered entities in other EU states are required to make a return (i.e., there is no value threshold); the periodicity of this survey is quarterly, although traders may opt to make their returns monthly. Certain low-value traders may be allowed, at the discretion of VIMA, to make annual returns.

The main variables collected from the SAD for Extrastat purposes are:-

- 1) Consignor Number;
- 2) Consignee Number;
- 3) Declarant Number;
- 4) Country of dispatch/destination (partner country);
- 5) Country of origin (other partner country);
- 6) Commodity code (CN code);
- 7) Net mass;
- 8) Total amount invoiced;
- 9) Item price;
- 10) Statistical value;
- 11) Office of exit/entry;
- 12) Transaction date;
- 13) Procedure code (special or general trade);

Note, at the time of compilation of this report, in the case of Consignor Number, Consignee Number, and Declarant Number above, the number in each of these cases can be any of Trader VAT Number, Corporation Tax Number, PREM Number,

Capital Gains Tax Number, Income Tax Number, PAYE Number, or Customs & Excise Number. However, as and from 1 July 2009, all customs declarations to customs authorities of EU member states must be made using an Economic Operators Registration and Identification (EORI) number. In Ireland, this will be based on the trader's VAT registration number. From that date onwards only a valid EORI number will be accepted on customs declarations for VAT registered traders.

The information collected on the Intrastat form includes:-

- 1) Consignor name and address;
- 2) Period of declaration;

Information collected on the Intrastat form (continued):-

- 3) Flow (arrivals or dispatches);
- 4) Number of items;
- 5) Consignor VAT Number;
- 6) Declarant's VAT Number;
- 7) Commodity code;
- 8) Country of destination/consignment;
- 9) Country of origin;
- 10) Mode of transport;
- 11) Invoice value;
- 12) Delivery terms;
- 13) Statistical value;
- 14) Net mass;
- 15) Quantity;
- 16) Name and contact numbers of declarant;
- 17) Date of statement.

Note: Only Traders with annual EU arrivals (imports) of value greater than €5,000,000 annually and/or dispatches (exports) of value greater than €34,000,000 annually are required to complete details for Mode of Transport, Delivery Terms and Statistical Value on the Intrastat form.

The VIES form fields include:-

- 1) Declarant's name and address;
- 2) Declarant's VAT registration no.;
- 3) Trader's name and address;
- 4) Trader's VAT registration number;
- 5) Total value of goods supplied;
- 6) Number of items;
- 7) Customer VAT registration no.;
- 8) Value of supplies of goods (per customer);
- 9) Name of declarant;
- 10) Date of statement.

Intrastat and VIES returns may currently be made via ROS. From 1 July 2009, electronic filing of SAD declarations (Extrastat) will be required. Traders are actively encouraged to file Intrastat on line.

## **6.2 Statistical potential of data holding**

At present, the main user of Revenue Extrastat and Intrastat data within the CSO is the External Trade division. This division and Revenue's VIMA Branch are joint partners in the production of the external trade statistics: VIMA collects and edits the data, while the CSO's role is data compilation and dissemination of statistics. Data quality procedures are conducted by both, with additional consistency work being performed within the CSO. Each month, the External Trade division receives four files: provisional data for the reference month, preliminary data for the reference month, 3-month period revisions, and 8-month period revisions. The Extrastat and Intrastat data are then combined with data from the Shannon Free Zone and Ringaskiddy Free Port surveys, which are conducted by the CSO, to produce the statistics on total external trade.

In addition, external trade data are used in the CSO to provide weightings in deriving import price indices, and also for identifying those enterprises on the Central Business Register which are exporters or importers.

## 7. Vehicle Registration Tax

### 7.1 Introduction

Vehicle Registration Tax (VRT) was introduced in Ireland in 1993, its introduction coinciding with the commencement of the European Single Market.

VRT must be paid on all mechanically propelled vehicles registered in the State, at the time of registration. Registration of vehicles is done via Revenue forms VRT 3 (new vehicles other than motor cycles), VRT 4 (used vehicles other than motor cycles), or VRT 5 (motor cycles); these forms are submitted by the person registering the vehicle, who is usually either the purchaser or the dealer. All persons wishing to hold unregistered mechanically propelled vehicles pending registration are required to apply for authorisation to do so; this application is made via form VRT 1.

The questions on the VRT 1 form include: name, address, and VAT number of the trader; the type of trading activity; and the vehicle category. Trading activity has six categories: distributor, dealer, manufacturer, convertor, car-hire operator, and storer. There are five recognised vehicles categories: (A), cars and minibuses for less than 12 passengers; (B), car-derived vans jeep-derived vans, some motor caravans, some crew cabs; (C), commercial vehicles, agricultural tractors, and minibuses for at least 12 passengers; (D), ambulances, fire engines, vehicles for the transportation of construction machinery; and Motorcycles (including scooters, and certain All Terrain Vehicles).

The main VRT3/4/5 variables include:-

- 1) Make, model, engine capacity, CO<sub>2</sub> emissions, and other vehicle description particulars;
- 2) Registration number;
- 3) Date of first registration in the State;
- 4) Open Market Selling Price (OMSP);
- 5) VRT Vehicle Category;
- 6) VRT payable;
- 7) Distributor name and Trader Account No. (TAN);
- 8) Dealer name and TAN;
- 9) Owner Particulars: Name, VAT No., and address (including fields for town and county) of customer.

Reflecting changes introduced in July 2008, VRT on Category A vehicles is now based on CO<sub>2</sub> (carbon dioxide) emissions bands, and is calculated as a percentage (varying by emissions band) of OMSP. VRT for other categories of vehicles is independent of emissions bands: for Category B vehicles, VRT is charged as a fixed percentage of OMSP; for Category C vehicles, VRT is a fixed amount; while, for the Motorcycles category, VRT is charged by reference to the cubic capacity of the engine.

Note that online filing of the VRT3 (but not VRT4 or VRT5) is available via ROS. The ROS facility is not available for the VRT1 form.

## 7.2 Statistical potential of data holding

At present, the CSO receives a monthly file of vehicle registrations from Revenue. National Accounts division aggregates the OMSP value, which is then used as an input in the expenditure model of GDP. The file comes from Revenue minus the variables on owner particulars; such variables, if available, would allow analyses by vehicle purchaser.

It should be noted that the CSO does currently compile and publish monthly statistics on vehicles being licensed for the first time (i.e., vehicles recorded for motor tax purposes), based on data received from the Department of Transport's Vehicle Registration Unit. However, first licensing figures may differ from registration figures because of time lapses between registration and licensing, or because certain types of vehicles (such as agricultural tractors) are not required to be licensed. Also, the licensing statistics do not include any valuation of vehicles. Using Revenue VRT data, there is potential for the CSO to compile monthly statistics on vehicle registrations, including value of sales (noting that OMSP is not necessarily the actual sale price). Indeed, it is planned to produce such statistics by 2009.

## 7.3 Recommendations

**Recommendation 18:** CSO should proceed with plans to produce monthly series on the number of vehicle registrations and on the value of such registrations (or, alternatively, average price per vehicle), based on Revenue VRT data. It should also be investigated whether a regional breakdown of vehicle purchaser could be produced from the "Owner Particulars" fields.

## **8. Relevant Contracts Tax**

### **8.1 Introduction**

Relevant Contracts Tax (RCT) is a tax relevant only to the construction, forestry, and meat processing sectors (including associated hauliers), and was introduced in Ireland in 1970.

RCT is deducted (and forwarded to Revenue) by a principal contractor from a subcontractor where the principal contractor does not hold a relevant payments card (RCT 47) for the subcontractor. RCT deducted is treated as a payment on account of the sub-contractors liability to tax on trading profits for the appropriate chargeable period. Where the amount of RCT deducted is in excess of the subcontractor's total liability under other taxes (such as Income Tax, Corporation Tax, VAT, etc.) in respect of his/her trade, the excess may be repaid to the subcontractor so long as the claim for repayment is made within 4 years of the end of the chargeable period to which the claim relates. Claims for repayment or offset may be made on a monthly basis.

A subcontractor wishing to be paid gross (i.e., without deduction of RCT) must apply to Revenue for a certificate of authorisation, also known as a C2 card. Such a certificate is valid for two years, and the application is made on form RCT5, on which the major fields include:-

- 1) PPS No., Tax Reference (Corporation Tax) No., Employer PAYE/PRSI No., VAT No., and RCT No. (as applicable);
- 2) Business format (individual, partnership, or company);
- 3) Name and address details;
- 4) Employment history;
- 5) Nature of the business;
- 6) Name and address of the principal contractor; duration of the contract;
- 7) Estimated value of the contract.

The subcontractor must then produce the C2 to the principal contractor. Where the principal is satisfied with the validity of the C2, they jointly apply to Revenue for a relevant payments card (RCT 47). Payments can only be made gross of RCT when the principal contractor receives the relevant payments card.

All contractors who engage subcontractors are required to be registered with Revenue as principal contractors. Registration is by means of form P33, the major fields on this form being:-

- 1) Name and address of principal contractor;
- 2) PPS No., Employer PAYE/PRSI No., or VAT No. (as applicable);
- 3) Legal format of business;
- 4) Nature of trade (i.e., construction, forestry, or meat processing);
- 5) Commencement date as principal contractor;
- 6) Number of uncertified subcontractors engaged;
- 7) Addresses of sites where subcontractors are engaged.

Principal contractors are required to make a monthly return to Revenue (on form RCT30), showing the total RCT deducted on payments to subcontractors in the previous month. This is a single figure, i.e., it is not broken down by subcontractor. Principal contractors are also required to make an annual return (on form RCT35), detailing payments made during the year to each subcontractor and RCT deducted, where applicable. The major variables on this form include: the total of all gross payments made to subcontractors in the year; the total of all RCT deductions in the year; the foregoing figures broken down by subcontractor; name, address, and tax number details of each subcontractor.

Forms RCT30 and RCT35 may be filed via ROS, though not forms P33 and RCT5.

## **8.2 Statistical potential of data holding**

The RCT35 data holding would appear to have some statistical potential, as it provides information on the value of payments made by principal contractors to subcontractors (gross and net of RCT). This information is currently not being utilised by any area within the CSO, but it could be useful in extrapolating national estimates on expenditure in construction; it could also be helpful in identifying foreign principal contractors and sub-contractors, for balance of payments purposes.

## **8.3 Conclusions and Recommendations**

**Recommendation 19:** The CSO should consider whether RCT35 data could be employed as an indicator of national expenditure in construction or for identifying foreign principal contractors and sub-contractors.

## 9. Capital Acquisitions Tax

### 9.1 Introduction

There are three main types of Capital Acquisitions Tax (CAT): Gift Tax (introduced in 1974), Inheritance Tax (introduced in 1975), and Discretionary Trust Tax (introduced in 1984).

Gift Tax and Inheritance Tax are self-assessment taxes, and returns must be made to Revenue upon receiving a gift or inheritance if the total value of gifts or inheritances received *over a lifetime* exceeds 80% of the tax-free threshold for the beneficiary category (based on relationship to disponent). The beneficiary tax-free threshold (and therefore the reporting threshold) is relatively high; for example, for a son/daughter beneficiary it is €521,208 (2008 rates). Returns for both taxes are made on the same form, the IT38, which includes the following fields:-

- 1) PPS No., name, and address of disponent;
- 2) PPS No., name, and address of beneficiary;
- 3) Whether the benefit is a gift or an inheritance;
- 4) How the benefit arose (will, intestacy, etc.);
- 5) Tax paid by disponent;
- 6) Dwelling house exemption;
- 7) Address and market value of property;
- 8) Taxable value of the benefit;
- 9) Tax being paid by the beneficiary;
- 10) Agricultural relief claimed;
- 11) Business relief claimed.

The IT38 must be returned within four months of the inheritance/gift valuation date. In the case of an inheritance, the valuation date is usually (but not always) either the date of death or the date of issue of the Grant of Representation, while the valuation date for a gift is the date of the gift. In 2007, over 20,000 IT38s were filed. Form IT38 may be filed through ROS.

Also associated with Inheritance Tax is form CA24 (or Inland Revenue Affidavit), which must be submitted to Revenue by any person (or solicitor for such) appointed to act as the personal representative of a deceased person in administering the deceased's estate. Revenue certify the CA24 and return a copy to the person who made the submission; the CA24 must then be forwarded to the Probate Office of the High Court in order that a Grant of Representation may be made. The main fields on the CA24 include:-

- 1) Name, address, marital status, date of birth, and date of death of the deceased, and whether there are surviving relatives;
- 2) Gross and Net (of debts) value of Irish estate;
- 3) Gross value of foreign estate;
- 4) Net value of foreign estate;
- 5) PPS no., name, address, and amount of benefit taken, of each beneficiary;
- 6) Relationship of beneficiary to the deceased;
- 7) Whether the deceased died testate (leaving a will) or intestate (no will).

In 2007, over 14,000 CA24s were filed. There is no ROS filing facility for form CA24.

For Discretionary Trust Tax, a Form IT4 must be returned to Revenue where the creator of a Discretionary Trust has died. Thereafter, and for the lifetime of the trust, the trustees must make an annual return, using Form IT32. The main fields on the IT4 form include: name, address, and date of death of disponent; trustee's name and address; market value of the property; deductions claimed; and amount of CAT payable. The IT32 collects similar information: name, address, and date of death of disponent; appointments to/from the fund during the year; trustee's name and address; market value of the property at valuation date (per IT4); and amount of CAT payable. Note that the once-off payment of Discretionary Trust Tax is 6% of the taxable value of the trust (2008 rates); thereafter, the annual Discretionary Trust Tax is 1% of the taxable value (at valuation date) of the trust.

There is no ROS filing facility for forms IT4 and IT32.

## **9.2 Statistical potential of data holding**

At present, Revenue gift/inheritance tax data are not utilised within the CSO. Combined, the IT38 and CA24 offer potentially useful data on property passing on death or as gifts. For example, both provide figures for the market value of the transferred property, and the CA24 also provides a breakdown by Irish and foreign property, which may have uses in balance of trade estimates.

## **9.3 Recommendations**

**Recommendation 20:** The CSO should consider whether IT38 and CA24 data could be utilised for national accounting purposes.

## 10. Capital Gains Tax

### 10.1 Introduction

Capital Gains Tax (CGT) has been collected in Ireland since 1974.

All forms of property are assets for CGT purposes, whether situated inside or outside the State. All entities with disposals of capital assets who are not normally obliged to submit an income tax or corporation tax return are required to make a statement of capital gains to Revenue, using Form CG1. (Other entities may return the CGT section of Form 1/ Form 1(Firms)/ Form 11/ Form 12/ CT1, as appropriate, instead of the CG1.) The CG1 is an annual return, due by 31 October of the year following the year of disposal.

Not all disposals of assets give rise to a charge of CGT. Examples of gains not liable to CGT are: gains from the disposal of government stocks and securities; gains from the disposals of tangible moveable property where the value of the consideration does not exceed €2,540 (2007 rates); gains from the disposal of assets with a predictable life of less than fifty years (e.g., a private car, livestock); gains from the disposal of one's principal private residence; prize bond, lottery, and gaming winnings. Disposals of land, buildings, and company shares are examples of transactions which are chargeable to CGT. All entities with disposals of capital assets for which there is a tax liability are required to submit a CGT Payslip form to Revenue, accompanied by payment. If disposal has taken place by 30 November, the CGT Payslip must be returned by 15 December of the same year; if disposal is in the month of December, the CGT Payslip must be returned by 31 January of the following year.

The CGT Payslip form contains only one significant field, the total amount of the CGT payment. The main fields on the CG1 form include:-

- 1) Value of assets disposed of, broken down by asset type (e.g., shares, agricultural land and buildings, development land, commercial premises, residential premises);
- 2) Chargeable gains by self, by applicable tax rate;
- 3) Chargeable gains by spouse, by applicable tax rate;
- 4) CGT due for self;
- 5) CGT due for spouse.

The CG1 form is identical to the CGT section of Form 11, and nearly identical with the CGT section of Form 1 (Form 1 does not have a breakdown by self and spouse). It is also similar to the CGT section of the CT1 form. (CT1 has a split by capital gains on development land and other capital gains, and does not, of course, have a breakdown by self and spouse). The CG1 does, however, differ substantially from the CGT sections of Form 1 (Firms) and Form 12, both of which seek considerably less information.

Neither the CG1 nor the CGT Payslip may be filed via ROS.

## **10.2 Statistical potential of data holding**

For sole traders, partnerships, and corporations, the CGT data holding provides information on disposals of capital assets, broken down by asset category, which could be used in the derivation of the national accounts.

## **10.3 Recommendations**

**Recommendation 21:** The CSO should consider whether the disposals of capital assets data in the CGT data holding can be utilised in the compilation of the national accounts.

## **11. Stamp Duty**

### **11.1 Introduction**

Stamp duty in Ireland falls into two main categories: (i) duties payable on documents associated with legal or commercial transactions, such as conveyances of property, leases of property, share transfers, and other agreements; and (ii) duties and levies affecting the products of financial institutions, such as duties on financial cards (i.e., credit, ATM, Laser, charge cards) and levies on certain insurance premiums and certain statements of interest. This section is confined to the consideration of stamp duty on the purchase or leasing of property, which is the most common type of stamp duty in Ireland.

All transfers, leases, or assignments of lease of property must be reported to Revenue on form ST21 (Particulars Delivered). The form must be submitted by the transferee or lessee or solicitor for the transferee or lessee, in order that a deed may be stamped. Revenue will not proceed to stamp the deed of transaction unless an ST21 has been received. The main fields on the ST21 include:-

- 1) Date of instrument;
- 2) Class of instrument (i.e., transfer, lease, assignment of lease);
- 3) Name, address, and Tax Reference No. of transferor/lessor;
- 4) Name, address, and Tax Reference No. of transferee/lessee;
- 5) Address of property (incl. townland, if a rural property);
- 6) Land area (if greater than 1 acre);
- 7) Type of property (e.g., private house/apartment, agricultural land, non-agricultural land, commercial/industrial premises);
- 8) The amount of the transfer consideration or the annual rent payable under the lease;
- 9) Voluntary disposition (a box which is checked if there is no consideration, or if the consideration is less than the open market value of the property).

Revenue plans to introduce eStamping by September/October 2009. When launched, this will fundamentally change the way Revenue does business with its Stamp Duty customers. eStamping will be within ITS and will incorporate ST21 requirements in its systems.

### **11.2 Statistical potential of data holding**

At present, the only user of ST21 unit-level (i.e., transaction level) data in the CSO is Agriculture division, where the data form the basis of the Agricultural Land Sales series. One of the impediments to wider use of ST21 data currently is the long delay (up to ten months) in capturing some of the fields of most interest statistically, viz., type of property being transacted; however, as mentioned in the previous paragraph, this delay should be greatly reduced in the future. The ST21 (or replacement form) does therefore have the potential to provide timely data on number, value, and type of properties being transacted. Such data could be utilisable in the CSO's proposed House Price Index, or could be the basis of new CSO series on property transactions.

National Accounts division currently receives special analyses of ST21 information from Revenue; these analyses are used for deflation purposes and also as an input into Gross National Income. The CSO should consider whether the underlying data have the potential for wider uses in the compilation of the national accounts. In addition, ST21 data have the potential to provide useful information on property held by foreign-domiciled persons in Ireland, for balance of payments purposes.

To date, the CSO has not made any use of Revenue data for the other types of stamp duty (mentioned in Section 11.1), but should consider whether some use can be made of such data for national accounting purposes.

### **11.3 Recommendations**

**Recommendation 22:** The CSO should investigate whether ST21 transaction level data can be utilised in a house price index, and also whether such data have value for national accounting purposes.

**Recommendation 23:** The CSO should consider whether ST21 data can be used to derive estimates on property held by foreign-domiciled persons in Ireland.

## **12. Dividend Withholding Tax**

### **12.1 Introduction**

Dividend Withholding Tax (DWT) applies to distributions made by Irish-resident companies to shareholders or participators. “Distributions” includes: cash dividends; non-cash dividends; benefits or facilities to a participator in a close company; excess interest paid to directors of close companies; scrip dividends (i.e., additional shares taken in lieu of a cash distribution). DWT is primarily a tax on individuals: companies and other specified bodies (such as managers of pension and retirement funds, charities, sporting bodies) and permanently incapacitated persons are exempt.

DWT is withheld by the company making the distribution, or its authorised withholding agent (AWA), at the time of making the distribution. A company or AWA must report its distributions, and submit the tax withheld, to the Collector-General’s Office using the DWT Declaration and Beneficiary Details form (form DWT). The main fields on the form include:-

- 1) Corporation Tax No.;
- 2) Name and address of company;
- 3) Date on which distributions made;
- 4) Total amount of DWT due;
- 5) Name and address details of Agent (if applicable);
- 6) Total number of records;
- 7) Details of each distribution made, including name and address of each beneficiary, gross amount of the distribution, and the DWT deducted on each distribution.

The DWT return is due within fourteen days of the end of the month in which the distribution was made. Returns are currently made on paper, via ROS, or by diskette. Diskette returns are being phased out, and DWT returns will be submitted via ROS or paper in the future.

### **12.2 Statistical potential of data holding**

Aggregate-level DWT figures for two variables (viz., gross DWT, and DWT net of refunds) are received monthly by National Accounts division and are used in the compilation of sectoral accounts. It has been agreed that the data will be provided at company level from now on, which will be useful for a number of areas across both the National Accounts and Balance of Payments divisions. Additionally, the variable “gross amount of distribution”, which can also be provided, could be used to derive better estimates for income from dividends. (Currently, income from dividends is deduced based on the rate of DWT and the amount collected.) The location of beneficiaries (inside, or outside Ireland) may also be of interest for balance of payments purposes.

### **12.3 Recommendations**

**Recommendation 24:** The CSO should consider the national accounts value which might be extracted from company-level DWT data, and, in particular, whether “gross amount of distribution” could be used in deriving estimates for income from dividends.

## **13. Environmental Levy**

### **13.1 Introduction**

The Environmental Levy (E-levy) is a levy on plastic shopping bags, and was introduced in Ireland in 2002. The levy, amounting to 22 cent per bag (2008 rate) is collected by Revenue on behalf of the Department of Environment, Heritage & Local Government. All Irish VAT-registered retailers who supply plastic shopping bags to customers are required to charge the E-levy and make returns to Revenue. As of March 2008, the E-levy register contained approximately 4,600 retailers (enterprises). This register is essentially a subset of the VAT register restricted to those retailers who have been identified as having an E-levy liability.

The E-levy return on Plastic Bags is a quarterly return, but traders with a liability of less than €1,000 per annum may be offered the facility to return on an annual basis. Some 50% of the E-levy yield comes from the top five grocery retailers. The main fields on the E-levy form are: Name, address, and VAT No. of retailer; details of bank account to be debited; and total E-levy liability.

The E-levy return is due by the 19th day of the month following the reference quarter. Returns may be submitted via ROS or in paper form.

### **13.2 Statistical potential of data holding**

From a CSO point of view, e-levy data would appear to have little statistical potential.

## **14. Deposit Interest Retention Tax**

### **14.1 Introduction**

Deposit Interest Retention Tax (DIRT) has been collected in Ireland since 1986. All Irish branches of Irish or foreign financial institutions offering interest-bearing deposit accounts to Irish residents (persons or bodies) are required to deduct DIRT from such accounts and submit the monies to Revenue. Returns to Revenue are made at institutional level. As of April, 2008, 492 financial institutions were making DIRT returns, broken down as follows: 64 banks, 4 building societies, 423 credit unions, and the Post Office.

The major variables reported on the DIRT form are (i) gross interest payable by the institution, and (ii) DIRT withheld. The information relates to the level of the institution, i.e., no account-level information is reported. Returns, which are made to the Minor Taxes Unit of the Collector-General's Office, are made by 20th October (for reference period January to September) and by 15th January (for reference period October to December). It is possible to file returns via ROS. DIRT data are held in ITS.

### **14.2 Statistical potential of data holding**

An aggregate (i.e., State level) figure for DIRT collected is used by National Accounts division as a check on the interest being attributed as income to households (an input to the sectoral accounts). DIRT unit-level (i.e., financial institution level) data are not currently used within the CSO, and there would appear to be little statistical potential in such data.

## **15. Summary of recommendations, and conclusions**

### **15.1 Main recommendations**

The CSO team investigated the Revenue data holdings associated with twelve separate tax and levy types, as well as the tax registration system. These data holdings included Corporation Tax, Value Added Tax, Income Tax, External Trade data, Vehicle Registration Tax, and Stamp Duty. This report contains twenty-three recommendations relating to the statistical potential of these data holdings. These recommendations are collected in Appendix 1. The main findings are summarised below.

#### **Common business identifier:**

To introduce efficiencies in data collection and processing, and to help reduce the response burden on Irish business, Revenue and the CSO should discuss the adoption of a common business identifier; this should probably be one based on an existing Revenue identifier (Recommendation 1).

#### **Registration of businesses:**

The CSO already uses Revenue tax registration data as its main source of business registration information for the Central Business Register. The CSO should expand its use of such data and, in particular, should liaise with Revenue on the possibility of using Revenue tax registration forms to collect extra information, as this could obviate the need for the CSO's inquiry to new enterprises (surveying approximately 51,000 businesses each year), resulting in a reduction of the response burden on businesses (Recommendations 3 and 4).

#### **NACE coding:**

Linked to the registration process is the matter of coding businesses to an economic sector. Following the current cooperation on assigning NACE Rev. 2 codes, the two Offices should explore ways in which they can work together on assigning and maintaining NACE codes into the future (Recommendation 5).

#### **Accounts information:**

There is great potential for CSO surveys, and structural surveys in particular (which survey approximately 28,000 businesses each year), to match data with Revenue's Corporation Tax, Self-employed Income Tax, and Partnership Income Tax data holdings—especially, the “Extracts From Accounts” sections thereof—for the purposes of imputing missing fields, or for deriving scaling-up factors. This could allow questions to be dropped from these surveys, or make it possible to decrease the sample sizes, thus reducing the administrative burden placed on businesses (Recommendations 6 and 12).

## **VAT data:**

The use of Revenue VAT3 returns, which contain a field for VAT on sales, should be investigated by the CSO as an indicator of trend in sales, to support the processing of short-term surveys. A figure for actual sales would be much more relevant for this purpose than a VAT figure alone, and could lead to a decrease in sample sizes, and thus a reduction of response burden on businesses. For this reason, the two Offices should liaise on the feasibility of obtaining a sales figure via the VAT3 form (Recommendation 9).

## **Other recommendations:**

Most of the other recommendations in this report concern investigations which CSO business areas should conduct into how best Revenue data may be utilised to support statistical processes in the CSO. The greater use of such data has the potential, either directly or indirectly, for reducing the administrative burden on Irish business. It would also lead to increased opportunities for statistical analysis.

**Recommendation 25:** It is a general recommendation that there be an overall review of the various tax heads from the point of view of drawing greater statistical value from the data which Revenue collect, with a focus on Corporation Tax, VAT, and Income Tax.

## **15.2 Cross-cutting analyses**

The CSO is permitted by the Statistics Act, 1993, to link data files from different administrative and statistical sources (assuming common identifiers exist), thus facilitating cross-cutting analyses. An example of this type of work is the recent linking of DSFA and Revenue records to produce statistics on PPS Number allocations and employment amongst foreign nationals. As a result of analyses such as these, policy-makers could have access to more detailed and consistent aggregate data. The availability of a broader range of analyses may be of interest to Revenue itself.

In the context of data linking, it may be mentioned that the *CSO Data Protocol*, which dates from 2005, and which has been approved by the Data Protection Commissioner, sets out rules and procedures for statistical data linkage and integration.

## **15.3 Data quality**

As pointed out in the Introduction, Revenue's mission is to collect taxes and duties and to implement customs controls. The collection of data with statistical potential is therefore not the Revenue focus; indeed, it might be said to be a by-product of the Revenue function. Accordingly, there may be issues prioritising the capture and quality checking of those data fields not directly relating to the calculation of tax/levy liability.

## **15.4 Data protection**

Protection of data is of utmost concern to both Revenue and the CSO. The *Statistics Act, 1993* allows the CSO access to the records of public authorities for statistical purposes and sets stringent standards to protect the confidentiality of all data collected under it. The national statistical confidentiality provisions are reinforced by Council Regulation (EC) No 1588/90 and Council Regulation (EC) No 322/97, concerning the confidentiality of data collected for EU statistical purposes. (Note that these two regulations will shortly be consolidated into a single regulation, the “Regulation on European Statistics”, for which an instrument number is not yet available.) In a situation where the CSO is exploiting administrative data for statistical purposes, there exists the possibility that such data will be transmitted to Eurostat. The confidentiality of any such data is therefore guaranteed in law (both national and EU). The uses of, and the confidentiality of, the Revenue data to be utilised by the CSO should be addressed in a Memorandum of Understanding (below), recognising the role of the *Statistics Act, 1993* and EU legislation in this regard.

The CSO should appoint a data custodian to be responsible for the management and use of Revenue data stored in the CSO. This person should be the main point of contact with Revenue with regard to requests for data. In addition, the data custodian should become the CSO expert on the Revenue data sources and their potential for statistical usage. Similarly, a single point of contact within the Office of the Revenue Commissioners would streamline interactions between the two organisations.

Currently, data transmission between Revenue and the CSO is via encrypted File Transfer Protocol (FTP) to a server on the e-government network, which ensures security of data transfer. There should be an ongoing review of data transmission mechanisms between the two Offices (Recommendation 2).

## **15.5 Revenue data needs**

While the focus of this report has been on the potential use of Revenue data by the CSO, it is also recognised that the CSO may be in a position to satisfy certain data needs which Revenue may have. Examples of such reciprocity include NACE activity coding and, where feasible, data linking and statistical analyses. (The results would be provided at an aggregate level only.)

In addition, the CSO has been developing its policy on access for research purposes to unit-level CSO data, and there may be potential for Revenue’s interests to be accommodated in this regard. Any requirements for research access to unit-level data would have to be handled sensitively. It should also be noted that such data could only be used for statistical purposes, in accordance with the terms of the *Statistics Act, 1993*.

## **15.6 Statistical potential**

Revenue is possibly the greatest source of administrative data which can be used for statistical purposes. Most of the data holdings covered in this report have at least some statistical potential; many have direct relevance for filling missing data, supplying trend indicators, or providing scaling-up factors in CSO surveys, or in deriving inputs used in the compilation of the national accounts, or can be used in cross-cutting analyses with data from other government agencies. Moreover, greater use of Revenue data may enable the CSO to reduce the administrative burden imposed on data providers by complying with statistical inquiries. This has been the experience of most EU countries, some of whom, such as the Netherlands, use Revenue data instead of statistical surveys, while others, such as Austria, only survey above a certain size threshold, using Revenue data for scaling up.

### **15.7 Memorandum of Understanding**

Implicit in this report is an assumption that the range and level of existing Revenue data sources will be maintained and will continue to be made available to the CSO. However, to move forward on the basis of the recommendations in this report, and as the statistics produced by the CSO are required either by EU law or for national policy purposes, it is essential that the provision of data be established on a formal footing. A Memorandum of Understanding, recognising the interdependencies between the two Offices, should therefore be drawn up. This memorandum should acknowledge that the CSO is a stakeholder in Revenue data holdings, and address the key concerns of both organisations.

It is recommended that the memorandum establish a formal Revenue/CSO Data Liaison Group. The memorandum should also cover the uses of, and confidentiality of, Revenue data provided to the CSO, and allow for periodic reviews of the security of data transfer and storage mechanisms.

## **Appendices**

## Appendix 1 Report recommendations

**Recommendation 1:** Revenue and the CSO should bilaterally agree on the adoption of a common business identifier.

**Recommendation 2:** There should be an ongoing review of data transmission mechanisms between the two Offices.

**Recommendation 3:** The CSO should continue to avail of, and expand the use of, Revenue tax registration data as its main source of business registration information for the Central Business Register.

**Recommendation 4:** The CSO and Revenue should liaise on the registration of businesses. This might require the adding of a number of questions relating to ownership structure to the TR2 and 11F CRO forms. The capture of such data by Revenue, which is subject to resources and priorities, could obviate the need for the CSO's Business Register Inquiry, so reducing the administrative burden on business. The discussion should also cover how the CBR can avail of updates to the CRS for existing records (in addition to receiving births data).

**Recommendation 5:** Following the current cooperation on assigning NACE Rev. 2 codes, the two Offices should explore ways in which the CSO and Revenue can work together on assigning and maintaining NACE codes into the future.

**Recommendation 6:** The CSO should conduct analyses of CT "Extracts From Accounts" data to determine their value in imputing missing fields, or for deriving scaling-up factors, in CSO structural survey data. This could allow certain questions to be dropped from these surveys, or make it possible to decrease the sample sizes, thus reducing the administrative burden placed on businesses.

**Recommendation 7:** The CSO should conduct a more detailed analysis of CT data to determine whether this source can be exploited further in the compilation of the national accounts.

**Recommendation 8:** The CSO and Revenue should review the list of compulsory reporting fields in the "Accounts Menu", as there may be benefits here in managing the overall administrative burden on respondents.

**Recommendation 9:** VAT3 "VAT on sales" data could be a useful indicator of sales for short-term surveys, and perhaps even for the structural surveys; this should be investigated by the CSO. If Revenue were also to collect "Total Sales" on the VAT3 form, such information would be much more relevant for the processing of these surveys; it could allow for a decrease in sample sizes, which would mean a reduction of the response burden on Irish business. It is therefore recommended that the two Offices liaise on the feasibility of doing this.

**Recommendation 10:** The CSO should investigate how complete RTD turnover (in addition to Corporation Tax turnover) could be utilised in the processing of structural surveys.

## **Appendix 1 Report recommendations (continued)**

**Recommendation 11:** The CSO should continue with its investigations into using VAT3 and RTD data to provide up-to-date turnover for the Central Business Register, and should discuss with Revenue the frequency with which up-to-date (rolling accounting period) RTD data can be supplied.

**Recommendation 12:** As Form 11 and Form 1 (Firms) are analogues of Form CT1 (Corporation Tax), the CSO should investigate the use of such data in supporting the processing (through imputation, scaling-up, etc.) of structural surveys.

**Recommendation 13:** The CSO should use Form 11 and Form 1 (Firms) turnover and employment data in updating non-company enterprise information on the Central Business Register.

**Recommendation 14:** Form 1 and Form 1 (Firms) “Extracts From Accounts” data, once these become available, should be considered for the compilation of the national accounts.

**Recommendation 15:** The CSO should consider the feasibility of using P35L data for quality checking purposes in the National Employment Survey.

**Recommendation 16:** The CSO should continue to investigate the potential for processing efficiencies by linking household survey data with P35L and P45 data.

**Recommendation 17:** The potential use of monthly P30 data should be explored.

**Recommendation 18:** CSO should proceed with plans to produce monthly series on the number of vehicle registrations and on the value of such registrations (or, alternatively, average price per vehicle), based on Revenue VRT data. It should also be investigated whether a regional breakdown of vehicle purchaser could be produced from the “Owner Particulars” fields.

**Recommendation 19:** The CSO should consider whether RCT35 data could be employed as an indicator of national expenditure in construction or for identifying foreign principal contractors and sub-contractors.

**Recommendation 20:** The CSO should consider whether IT38 and CA24 data could be utilised for national accounting purposes.

**Recommendation 21:** The CSO should consider whether the disposals of capital assets data in the CGT data holding can be utilised in the compilation of the national accounts.

**Recommendation 22:** The CSO should investigate whether ST21 transaction level data can be utilised in a house price index, and also whether such data have value for national accounting purposes.

**Recommendation 23:** The CSO should consider whether ST21 data can be used to derive estimates on property held by foreign-domiciled persons in Ireland.

## **Appendix 1 Report recommendations (continued)**

**Recommendation 24:** The CSO should consider the national accounts value which might be extracted from company-level DWT data, and, in particular, whether “gross amount of distribution” could be used in deriving estimates for income from dividends.

**Recommendation 25:** It is a general recommendation that there be an overall review of the various tax heads from the point of view of drawing greater statistical value from the data which Revenue collect, with a focus on Corporation Tax, VAT, and Income Tax.

## Appendix 2 Data sources and tax/levy types examined

Data Source*	Tax/levy type	Underlying inquiry form(s)	Frequency of data collection	Survey unit
ITS	Corporation Tax	CT1	Annual	Companies
ITS	Value Added Tax	VAT3; Return of Trading Details (RTD)	2-monthly, 4-monthly, 6-monthly, annual	VAT traders
ITS	Income Tax (self-assessment)	Form 1; Form 1(Firms); Form 11; Form 12	Annual	Partnerships, trusts, estates under administration, other unincorporated bodies, individuals in receipt of both PAYE and non-PAYE income
ITS	Income Tax (PAYE)	P30; P35/P35L; P45	Monthly, annual	Companies, PAYE workers
ITS	Tax registration	TR1, TR2, PREMReg, 11F CRO	Continuous	Individuals, partnerships, trusts, companies
Automated Entry Processing (AEP)/ITS	Foreign Trade (third country)	SAD	Continuous	Traders importing from or exporting to non-EU countries
ITS2000	Foreign Trade (EU)	Intrastat	Monthly	VAT-registered traders with arrivals from, or dispatches to, other EU states
VIIES Processing System (VPMS)	VIIES	VIIES Statement	Quarterly, annual	VAT-registered traders with dispatches to VAT-registered traders in other EU states
VRT System/ ITS	VRT	VRT1; VRT3/VRT4/VRT5	Continuous	Motor traders (VRT1); vehicle being registered (VRT3/4/5)
ITS	RCT	P33; RCT5; RCT30; RCT35	Continuous (P33/RCT5), monthly (RCT30), annually (RCT35)	Contractors in construction, forestry, meat processing
ITS	CGT	CG1; CGT Payslip A/ CGT Payslip B	Annual	Entities with disposals of capital assets
CAT System	CAT	IT38; C.A. 24; IT4; IT32(CAT)	Continuous	Individuals
Stamp Duty Administration System (SDAS)	Stamp duty	ST. 21	Continuous	Transferees/ lessees of property
ITS	DIRT	DIRT form	Bi-annual	Branches of financial institutions
DWT Live/ ITS	DWT	DWT form	Monthly	Companies or their agents making dividend payments

\* ITS: Integrated Taxation Services, incorporating a number of systems, including Integrated Taxation Processing (ITP) and the Common Registration System (CRS)

### Appendix 3 Current CSO usage of Revenue data

CSO section/survey	Revenue data received	Freq
Census of Industrial Production	No files or regular contacts, but there are ad hoc visits by CSO officers to Revenue offices to manually retrieve information from Revenue forms.	
Transport	Vehicle Registration file	Monthly
Wholesale Prices Index	Revenue data are received indirectly, taken from CSO Trade division's transactions files.	
Agricultural Land Sales	Agricultural Land Sales survey makes use of the 'Particulars Delivered' (ST21) file.	Annually
National Employment Survey	Indirectly. A customised file is received by NES from CSO's Data Linkage/Integration division.	Annually
EU Survey of Income and Living Conditions	Indirectly. A no. of survey staff have access to the DSFA online system (which contains variables "gross taxable pay" and "number of socially insured weeks" supplied by Revenue)	Continuously
National Accounts	<ol style="list-style-type: none"> <li>1. Self-Employed income tax file (non-PAYE, incl. investment incomes).</li> <li>2. Corporation Tax file</li> <li>3. Accounts Menu CT1 (companies) file.</li> <li>4. Accounts Menu Form 11 (self-employed) file.</li> <li>5. Dividend Withholding Tax file.</li> <li>6. Pensions files (Retirement Annuity Contributions)</li> <li>7. A breakdown of Revenue Commissioners Statistical Report table SD1 'Stamp Duties'</li> <li>8. Total Net Excise Receipts for: Oils, Alcohol, VRT, Tobacco, Other Excise, Excise Totals.</li> <li>9. (via Transport section) Registrations of vehicles.</li> </ol>	<ol style="list-style-type: none"> <li>1. Annually</li> <li>2. Annually</li> <li>3. Annually</li> <li>4. Annually</li> <li>5. Monthly</li> <li>6. Annually</li> <li>7. Annually</li> <li>8. Quarterly</li> <li>9. Monthly</li> </ol>
Data Linkage/Integration	<ol style="list-style-type: none"> <li>1. Indirectly: A PPSN-based file, containing some data originating in Revenue Commissioners, is received from the DSFA (based on the DSFA Central Records System).</li> <li>2. P35 file (employee file) received directly from Revenue.</li> </ol>	<ol style="list-style-type: none"> <li>1. received only once, in Nov 2006, but it is likely that it will be provided quarterly.</li> <li>2. Annually.</li> </ol>
Social Statistics Integration	P35L file from DSFA (PPSN, sex, date of birth, PRSI class, income, county of residence).	Annually.

### Appendix 3 Current CSO usage of Revenue data (continued)

CSO section/survey	Revenue data received	Freq
Balance of Payments	<ol style="list-style-type: none"> <li>1. Special Purpose Vehicles (SPV) (Section 110 companies) file received</li> <li>2. Trade Currency file (Breakdown of SAD imports and exports giving currency and commodity codes)</li> </ol>	<ol style="list-style-type: none"> <li>1. On request by CSO.</li> <li>2. Monthly</li> </ol>
Trade	<ol style="list-style-type: none"> <li>1. Intrastat file</li> <li>2. Extrastat (SAD) file</li> <li>3. VAT register</li> <li>4. VAT3 returns file</li> <li>5. BNA (Business name and address) file</li> </ol>	<ol style="list-style-type: none"> <li>1. Monthly data, received 4 times a month</li> <li>2. As for 1. above.</li> <li>3. Monthly</li> <li>4. Every two months (containing bimonthly data)</li> <li>5. Received irregularly.</li> </ol>
Business Register	<ol style="list-style-type: none"> <li>1. Corporation Tax / Income Tax Registrations file.</li> <li>2. PAYE Remittance (PREM) Registrations file</li> <li>3. VAT Registrations - Alpha file</li> <li>4. VAT Registrations - Activation file</li> <li>5. "DSFA file" (copy of file sent by Revenue to DSFA)</li> <li>6. Indirectly, via National Accounts, ROS file</li> <li>7. Indirectly, via National Accounts, a CT-CRO linking file of companies which have made CT returns.</li> </ol>	<ol style="list-style-type: none"> <li>1. Quarterly</li> <li>2. Quarterly</li> <li>3. Quarterly</li> <li>4. Quarterly</li> <li>5. Quarterly</li> <li>6. Annually (last received is 2005)</li> <li>7. Annually.</li> </ol>