



Our reference: 2017-4(c)

12 September 2017

Mr Pearse Doherty, TD
Leinster House
Kildare Street
Dublin, D02 A272

Dear Deputy,

I refer to Sinn Féin's third request to the Department for Budget 2018 costings (submitted to us on 29 August, 2017). I am pleased to enclose a response to the costing sought.

Please note that the costing exercise did not examine the interaction of individual measures with other tax and/or expenditure measures.

No account has been taken of the second round impact of measures proposed, such as their positive or negative impact on economic growth, job creation, inflation or their impact on tax buoyancy.

It should be borne in mind that under the preventive arm of the Stability and Growth Pact, until Ireland has reached its objective of a balanced budget in structural terms, we may not introduce discretionary revenue reductions, over and above the available fiscal space permitted under the expenditure benchmark, unless they are matched by other revenue increases or expenditure reductions. Accordingly, tax reductions may have to be offset elsewhere.

The costings, including those provided by or in conjunction with other Departments, are provided on the basis that at no time will the Department be represented as endorsing the proposals costed. Equally, the Department will not comment on the merits or otherwise of those proposals. Where caveats or assumptions have been made in this response, the Departments' positions on such issues must be accurately, fully and fairly represented.

The Freedom of Information Act 2014 does not provide for an exemption for the costings of political parties proposals. Costings prepared by the Department in the context of the Budget will be treated in the same manner as all other pre-Budget submissions/requests. As is normal practice, the Department will publish the responses issued to these requests on its website, redacting on the basis of the Freedom of Information exemptions as appropriate. Costings prepared in the context

of general elections or Programmes for Government will also be dealt with in accordance with relevant provisions of the Act.

If you have any queries on any of the above matters or costings, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Derek Moran', with a long horizontal flourish extending to the right.

Derek Moran

Secretary General

Finance Costings: 2017- 4(c)

1. The impact on 2018 net fiscal space of hiring 125 qualified Revenue Commissioners staff to tackle black market activity and tax evasion with 100 additional staff allocated to Audit departments and 25 additional staff allocated to compliance projects in areas such as fuel tobacco and alcohol, showing the net increase in fiscal space after hiring, paying and training the 125 staff.

Response:

The table below shows the estimated yield of additional qualified 125 Revenue staff to target evasion and black market activity. These estimates are based on Revenue's Comprehensive Review of Expenditure (CRE) 2014.

	Number of Staff (Full Time Equivalent)	Year 1	Year 2	Year 3	Year 4	Year 5
Audit resource	100	€25m	€50m	€50m	€50m	€50m
Compliance project resource on areas such as oils, tobacco, alcohol	25	€2.5m	€5m	€5m	€5m	€5m
Total	125	€27.5m	€55m	€55m	€55m	€55m

Revenue's Comprehensive Review of Expenditure 2014 estimated that by increasing audit staffing resources by c.100 staff, an additional Exchequer yield of €50m per annum could be achieved. It estimated that by increasing staff on compliance projects such as oils, tobacco and alcohol by 25 could raise €5m per annum.

It should be noted that the recruitment of staff and their training and development is addressed as part of an overall workforce planning process in Revenue. The investment in the training and development of a Revenue auditor or investigator can take up to three years, depending on previous relevant experience.

For the CRE, Revenue estimated that the cost for 100 Full Time Equivalent staff is around €5m per annum. On the basis of 125 staff, the estimated net impact, after staff costs, is €24.4m in 2018, and €48.75 in a full year.