

TAX

## Irish Revenue Commissioners 2022 Annual Report

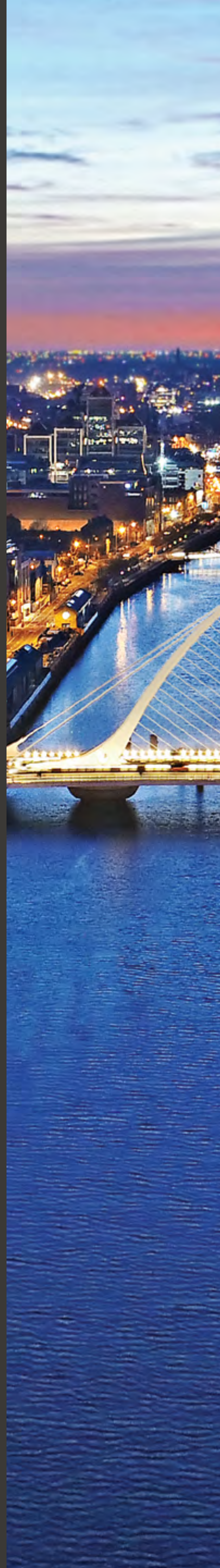
The 2022 Annual Report of the Irish Revenue Commissioners (**Revenue**) was the 100th annual report issued by Revenue, and comes shortly after Revenue celebrated 100 years since its establishment on 21 February 1923. It is fitting that in the same year in which Revenue celebrated its 100th anniversary, that it also surpassed €100bn in gross tax receipts for the first time.

In this review, the Revenue noted the strong performance of Irish exchequer receipts despite the backdrop of the economic and social disruptions resulting from the impact of the Covid-19 pandemic (which was still a significant factor in the opening months of 2022), the invasion of Ukraine by Russia, and the changing trading environment between Ireland and Great Britain as a result of Brexit.

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## Key Statistics

- 2022 net exchequer receipts came to €82.4bn, an increase of 22% (€14.9bn) from 2021. This increase in receipts was primarily driven by significant increases in corporation tax (up €7.3bn), income tax (up €4bn) and VAT receipts (up €3.4 bn).
- Total yield from audit and compliance interventions in 2022 was €813m, which was a decrease of €575m on 2021, however it is likely that the 2021 figure had been skewed by certain large cases settled by Revenue during that year.
- Tax settlements amounting to €28m were agreed in respect of 36 taxpayers.
- • 2022 also saw the introduction of the new Revenue Compliance Intervention Framework, supported by a revised Code of Practice for Revenue Compliance Interventions, which is a new three level framework supporting compliance by taxpayers.
- • Transfer Pricing MAP disputes increased with 28 such cases initiated in 2022, which was an increase on the 23 cases initiated in 2021. 69 non-transfer pricing MAP cases were initiated in 2022, which was a significant decrease on the 148 such cases initiated in 2021. 4 APAs were concluded.
- 99 Relevant Tax Opinions were provided by the Revenue Technical Service in 2022, relating to a wide variety of topics including withholding taxes (35), reconstructions and amalgamations (32), corporation tax (13) and stamp duty (8).
- By 31 December 2022, €2.37bn of tax debt was warehoused for over 68,000 businesses following the Covid-19 pandemic, and Revenue announced an extension in the timeline for repaying this debt to 1 May 2024.



## Gross Receipts

Tax receipts for the Irish Exchequer rose substantially during 2022. €117.8bn in gross receipts were collected in 2022, of which €82.4bn comprised net exchequer receipts, which was up 22% on 2021 receipts. The past few years have seen a dramatic increase in Ireland's net exchequer receipts – in 2017, Revenue collected €50.4bn in net exchequer receipts, but in the five years since 2017 this figure has now risen by €32bn to €82.4bn. The largest net tax receipts in 2022 arose from income tax (€30.7bn, comprising 37% of the total), corporation tax (€22.6bn, comprising 27% of the total) and VAT (€18.8bn, comprising 23% of the total). Each of these tax heads saw significant growth in 2022, particularly net corporation tax receipts which were up €7.3bn on the €15.3bn collected in 2022 (amounting to a total increase of 48% year-on-year), while net income tax receipts were up almost €4bn and net VAT receipts were up €3.4bn.

## Audit Levels

an estimate of 428,000 audit and compliance interventions were carried out in 2022, a decrease of 35,000 on the number of interventions carried out in 2021. The total yield arising from audit and compliance interventions was €813m in 2022, which was a decrease of €575m on 2021, but it is likely this 2021 figure was skewed by a number of significant settlements that Revenue agreed in 2021. Tax settlements amounting to €28m were agreed in respect of 36 taxpayers.

Notably, 2022 also saw the introduction of the new Revenue Compliance Intervention Framework, supported by a revised Code of Practice for Revenue Compliance Interventions, which is a new three level framework supporting compliance by taxpayers (for more detail on Revenue's revised Code of Practice, please see '[Decoding the Code – the new Code of Practice for Revenue Compliance Interventions](#)').

### Transfer Pricing MAP, APA and Exchange of Information

As in previous years, the number of information requests made by foreign tax authorities is considerably greater than the requests made by Revenue (1,931 requests for mutual assistance received, in contrast with 401 requests issued by Revenue). Most requests received by Revenue come from other EU Member State tax authorities. 1,650 such requests were received in 2022, a substantial increase on the 959 such requests received in 2021, compared with 281 requests received from other non-EU countries.

DAC 6 reporting began on 1 January 2021, and the first exchange of information by Ireland took place by 30 April 2021. DAC 6 returns are automatically exchanged on a quarterly basis with relevant Member States, and in 2022, a total of 202 returns were exchanged by Ireland under DAC 6.

Transfer Pricing Mutual Agreement Procedures (**MAPs**) disputes increased, with 28 such cases initiated in 2022, which was an increase on the 23 cases initiated in 2021. The number of outstanding cases however decreased, with 77 cases outstanding as at 31 December 2022 which was a decrease on the 86 at the end of 2021. Non-transfer pricing cases remained

the main type of case addressed through MAP. 69 such cases were initiated in 2022, which was a significant decrease on the 148 such cases initiated in 2021. 37 transfer pricing MAP cases and 66 non-transfer pricing MAP cases were completed by Revenue in 2022.

Four bilateral Advance Pricing Agreements (**APAs**) were concluded in 2022 following negotiations with other Competent Authorities and 12 new requests were received. Six requests for APAs were withdrawn in 2022. At year end, 54 APA cases were open. The rate of progress is explained by the note in the report that negotiation of APAs requires comprehensive analysis and extensive discussions with treaty partners to reach agreement.

The DAC 7 Directive, which will require digital platform operators to report income earned by sellers engaged in the sharing and gig economy, was fully transposed into Irish law in 2022, and Revenue expects to begin receiving reports from platform operators in January 2024 and will initiate annual exchanges of information with relevant Member States in February 2024.

Revenue also noted that the European Commission has initiated proposals for a new directive, DAC 8, which will require

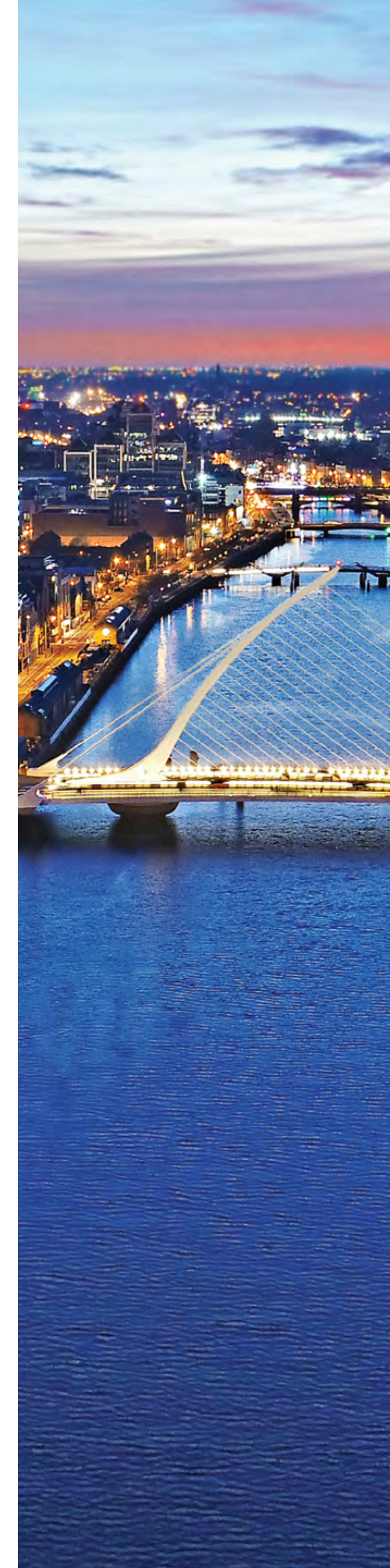
both EU and non-EU based crypto asset service providers to report all relevant crypto asset transactions where they have reportable users in the EU.

The report notes involved engagement by Irish Revenue at OECD and EU level in relation to international tax developments, including OECD Pillar 2 and the EU Council Code of Conduct.

### Revenue Opinions

The Revenue Technical Service (RTS) provided 99 Relevant Tax Opinions on complex technical issues to taxpayers, which was a slight increase on the 97 such technical opinions issued in 2021. These opinions touched on issues including withholding taxes (35), reconstructions and amalgamations (32), corporation tax (13) and stamp duty (8).

The report notes a reminder which was issued in December 2021 which concerned the maximum period of five year validity in respect of opinions issued in 2016. Taxpayers wishing to continue to rely on such opinions from 2016, on or after 1 January 2022 were required to make an application for their renewal or extension on or before 31 March 2022. Only two such applications were received.



## Customs

The report noted that Revenue processed 40 million customs declarations in 2022 in respect of imported goods, up significantly on the 27 million such declarations in 2021 and the 1 million processed in 2020. Revenue noted that approximately 90% of these import declarations related to e-commerce. This increase was attributed primarily to the withdrawal of the UK from the EU and the growth of e-commerce.

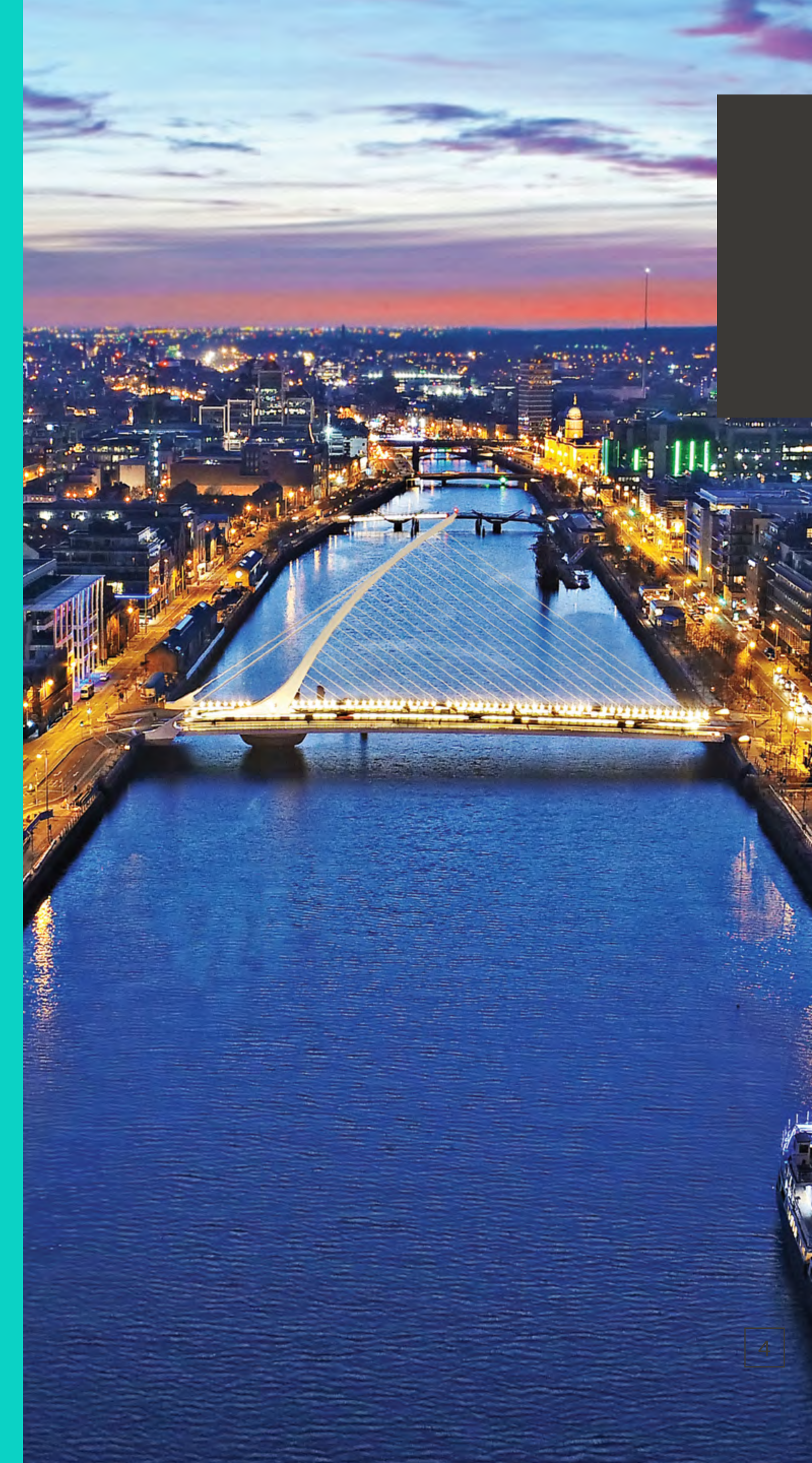
## Government Supports

A number of Covid-19 related supports were administered by Revenue in 2022, including over €800m claimed under the Employment Wage Subsidy Scheme by approximately 23,300 employers in respect of 326,500 employees. While 2022 saw a phased return to Revenue's standard debt collection process following the Covid-19 pandemic, in October 2022, Revenue announced an extension to the Debt Warehousing Scheme in light of the prevailing challenging economic situation for businesses. This scheme had been introduced in response

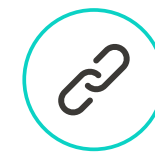
to businesses experiencing cash flow and trading difficulties at the outset of the Covid-19 pandemic. The timeline for repaying warehoused debt has now been extended to 1 May 2024, and a reduced interest rate of 3% applies to this debt, on the condition that returns and liabilities are filed and paid on time. As at 31 December 2022, €2.37bn of tax debt was warehoused by Revenue for 68,000 businesses, of which over 7,000 businesses have warehoused debt in excess of €50,000.

A further development, prompted by the exceptional increase in energy costs arising from the invasion of Ukraine by Russia, was the introduction of the Temporary Business Energy Support Scheme (**TBESS**) scheme. By the end of 2022, almost 9,000 businesses had registered for this support and €6.6m in TBESS payments had been approved by Revenue.

For more information on this, please contact [Cian Ryan](#), Solicitor or any member of [A&L Goodbody's Tax team](#).



## Resources



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