

Irish Revenue Commissioners' 2023 annual report

19 June 2024

The 2023 Annual Report of the Irish Revenue Commissioners (Revenue) was recently published. 2023 notably marked a century since Revenue was established, on 21 February 1923.

Key statistics for 2023

- 2023 net tax receipts amounted to €87.2bn, an increase of 5.8% (€4.8bn) from 2022. This increase in receipts was primarily driven by significant increases in income tax (up €2.2bn), VAT receipts (up €1.4bn), and corporation tax (up €1.2bn).
- Together, the three primary tax heads of income tax, corporation tax and VAT accounted for 88% of Revenue's total net receipts in 2023.
- Total yield from audit and compliance interventions in 2023 was €787m, which was a slight decrease on the yield of €813m from 2022.
- Tax settlements amounting to €25.6m were agreed in respect of 73 taxpayers.
- In 2023, Revenue specifically focused its compliance activity on the following risk areas:
 - individuals engaging in business activities through online platforms and social media
 - non-resident online traders selling goods and services to Irish consumers
 - the construction sector
- Transfer Pricing MAP disputes increased with 29 such cases initiated in 2023. 53 non-transfer pricing MAP cases were initiated in 2023, which was a significant decrease on the 69 such cases initiated in 2022. One APA was concluded.
- 80 Relevant Tax Opinions were provided by the Revenue Technical Service in 2023, relating to a wide variety of topics including withholding taxes (32), stamp duty (23), corporation tax (9) and close company surcharges (7).
- By 31 December 2023, €1.75bn of tax debt was warehoused for over 57,000 businesses following the Covid-19 pandemic.
- Key priorities for Revenue in 2024 include:
 - proactively managing the Debt Warehouse Scheme, to support viable businesses in exiting the scheme
 - working with affected taxpayers to ensure the successful implementation of Pillar Two in Ireland, including by the provision of comprehensive guidance on how these new rules will work
 - carrying out a review of withholding taxes, including relevant contracts tax, and consideration of extending this tax to other sectors where subcontracting exists, where people are correctly self-employed rather than employed, and scenarios where corporate structures are a feature of subcontracting

Tax receipts

Net tax receipts for the Irish Exchequer rose substantially during 2023. €127.9bn in gross receipts were

collected in 2023, of which €87.2bn comprised net exchequer receipts, which was up 5.8% on 2022 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 six years since 2017 this figure has now risen by almost €37bn to €87.2bn.

The largest net tax receipts in 2023 arose from income tax (€32.9bn, comprising 38% of the total), corporation tax (€23.8bn, comprising 27% of the total) and VAT (€20.2bn, comprising 23% of the total). These are the three largest tax heads in Ireland, accounting for 88% of Revenue's total net receipts in 2023, and each of these tax heads saw growth in 2023: income tax receipts were up €2.2bn, VAT receipts increased by €1.4bn, and corporation tax receipts were up €1.2bn.

Audit levels

Around 290,000 audit and compliance interventions were carried out in 2023, a substantial decrease on the 428,000 interventions carried out in 2022. The total yield arising from audit and compliance interventions was €787m in 2023, slightly down on the figure of €813m in 2022. Tax settlements amounting to €25.6m were agreed in respect of 73 taxpayers.

In 2023, Revenue specifically focused its compliance activity on the following risk areas:

1. individuals engaging in business activities through online platforms and social media
2. non-resident online traders who sell goods and digital services to Irish consumers
3. the construction sector

In its report, Revenue also welcomed the Supreme Court judgment in the case of *Revenue Commissioners v Karshan (Midlands) Limited trading as Domino's Pizza* (for more detail on this judgment, please see '[New landmark judgment: The Supreme Court rules on pizza delivery drivers' employment status](#)'), which it affirmed had provided significant clarity on the key factors to be considered when determining whether an individual is employed or self-employed, for income tax purposes.

MAP, APAs and exchanges 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 (2,081 requests for mutual assistance received, in contrast with 362 requests issued by Revenue). Most requests received by Revenue come from other EU Member State tax authorities: 1,777 such requests were received in 2023, an increase on the 1,650 such requests received in 2022, while 304 requests were received from other non-EU countries.

DAC 6 returns are automatically exchanged on a quarterly basis with relevant Member States, and in 2023, a total of 250 returns were exchanged by Ireland under DAC 6, an increase on the 202 returns exchanged in 2022.

Transfer Pricing Mutual Agreement Procedures (**MAPs**) disputes increased, with 29 such cases initiated in 2023. The number of outstanding transfer pricing MAP cases increased to 90, as of 31 December 2023. Non-transfer pricing cases remained the main type of case addressed through MAP. 53 such cases were initiated in 2023, which was a significant decrease on the 69 such cases initiated in 2022. 16 transfer pricing MAP cases and 35 non-transfer pricing MAP cases were completed by Revenue in 2023, which were significant decreases on the 37 transfer pricing and 66 non-transfer pricing cases completed by Revenue in 2022.

One bilateral Advance Pricing Agreement (**APA**) was concluded, and one APA request was withdrawn in 2023, following negotiations with other Competent Authorities. 16 new APA requests were received. At year end, 68 APA cases were open. It was noted that substantial progress had been made on a further four APAs during 2023, leading to their conclusion early in 2024. Revenue affirmed that negotiation of APAs requires comprehensive analysis and extensive discussions with treaty partners to reach agreement.

The first exchanges of information under the DAC 7 Directive, which requires digital platform operators to report income earned by sellers engaged in the sharing and gig economy, are expected to take place in 2025.

Revenue also noted that the European Council adopted the DAC 8 proposal in November 2023, 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 first exchanges of information under DAC 8 are expected to take place in 2027.

Revenue opinions

The Revenue Technical Service (**RTS**) provided 80 Relevant Tax Opinions on complex technical issues to taxpayers, which was a decrease on the 99 such technical opinions issued in 2022. These opinions touched on issues including withholding taxes (32), stamp duty (23), corporation tax (9) and close company surcharges (7).

The report references a reminder which was issued in January 2023, which concerned the maximum period of five-year validity in respect of opinions issued in 2017. Taxpayers wishing to continue to rely on such opinions from 2017, on or after 1 January 2023 were required to make an application for their renewal or extension on or before 31 March 2023. Six such applications were received.

Customs

The report noted that Revenue processed over 50 million customs declarations in 2023 in respect of imported goods, which represents an exponential increase when contrasted with the 1m customs declarations processed in 2020. This increase is primarily a result of Brexit and the growth in eCommerce. Revenue also noted that in May 2023, the European Commission had put forward proposals for a comprehensive reform of EU customs law, and that Revenue had actively contributed to those discussions, which will continue during 2024.

Government supports

Revenue's Debt Warehousing Scheme had been introduced in response to businesses experiencing cashflow and trading difficulties at the outset of the Covid-19 pandemic. As of 31 December 2023, a total of €1.75bn of tax debt was warehoused by Revenue for 57,000 businesses, which was a decrease of €600m when compared with the corresponding figure as at the end of 2022.

Priorities for 2024

Revenue affirmed that one of its key priorities for 2024 is to proactively manage the Debt Warehouse Scheme, and to support viable businesses in exiting the scheme, through tailored payment agreements. Another priority is to work with affected taxpayers, businesses and agents to ensure the successful

implementation of Pillar Two in Ireland, including the provision of clear and comprehensive guidance on how these new rules will work. Revenue will also carry out a review of withholding taxes, including relevant contracts tax, and will examine the extension of this tax to other sectors where subcontracting exists, where people are correctly self-employed rather than employed, and scenarios where corporate structures are a feature of subcontracting.

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