

Exchequer Returns end-March 2016

Information Note

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Summary

- End-March 2016 saw the Exchequer record a deficit of €1,170 million as compared to a surplus of €197 million in the same period last year.
- This €1,367 million dis-improvement in the Exchequer balance is primarily due to the base effect of the transfer last year of €1,634 million from the NPRF to the Exchequer. Excluding the impact of this significant one-off transaction, there was an underlying year-on-year improvement in Q1 2016 of €267 million driven by increased tax revenue.

Revenue

- Tax revenue of €11,136 million was collected to end-March 2016. This represents a year-on-year increase of €667 million (6.4%) and is €119 million (1.1%) above profile. However, allowing for €108 million of tax receipts delayed until April 1st due to a payment related timing issue, tax revenue is up €775 million (7.4%) year-on-year and €227m (2.1%) above profile.
- **Income tax** receipts were €4,355 million to end-March, which represents a year-on-year increase, of €114 million (2.7%). However, income tax receipts are €153 million (3.4%) below profile due to an under-performance across a range of income tax components.
- March is a **VAT** due month with receipts reflective of the January/February trading period. Receipts in the month totalled €1,486 million, which represents a shortfall of €62 million or 4.0% against target. When consideration is made for c. €75 million of VAT receipts delayed from March into early April, receipts for the month are actually up €13 million or 0.8% against target. Looking at the cumulative performance, VAT receipts are actually up €173 million year-on-year, an increase of 4.5% but down €118 million or 2.9% against profile. This is in line with the positive data from February with retail sales up year-on-year, both in volume and value terms.
- **Excise Duties** totalled €1,522 million to end March, representing a very strong year-on-year increase of €344 million (29.3%). Contributory factors include an increase in car sales, which has boosted VRT receipts, and tobacco receipts.
- Receipts from **corporation tax** to end-March 2016 were €654 million, which were up €99 million (17.9%) year-on-year and are €305 million (87.3%) above profile.
- **Local Property Tax** receipts amounted to €216 million in the first three months of the year, up €5 million or 2.3% on profile.
- Of the remaining tax heads, Stamps, CGT, CAT and customs combined, were cumulatively in line with profile (down €6 million or 1.3%).

Non-tax revenue

- **Non-tax revenues** of €99 million at end-March 2016, were down €228 million (69.7%) in year-on-year terms, mainly due to the base effect of a large one-off dividend that the Exchequer received early in 2015. Eligible liabilities guarantee fees have also reduced in year-on-year terms as less liabilities are covered by the scheme.

Capital receipts

- **Capital receipts** at end-March 2016 of €1,565 million, were down €1791 million (53.4%) year-on-year. This reduction is driven by the non-recurrence of the transfer of €1,634 million, in March 2015, to the Exchequer from the NPRF.

Expenditure

Voted Expenditure¹

- Total net voted expenditure to end-March 2016, at €10,178 million, was €15 million (0.2%) below profile and €71 million (0.7%) lower in year-on-year terms.

Net Voted Current Expenditure

- Net voted current expenditure at €9,725 million to end-March, was marginally above profile by €11 million or 0.1%. The largest overspend of €38 million was recorded in the Department of Health, up 1.1% on profile.
- In year-on-year terms, net voted current expenditure to end-March was €29 million (0.3%) lower. As previously highlighted, the year-on-year comparison was impacted by an additional payroll and Social Protection payment interval in January 2015 relative to 2016. Furthermore the Department of Agriculture received a receipt from the EU in February, which was delayed from 2015.

Net Voted Capital Expenditure

- Net voted capital expenditure at end-March amounted to €453 million, which was €26 million (5.5%) below profile of €480 million and €42 million (8.4%) lower when compared to same period last year.

Gross voted expenditure

- Gross voted expenditure of €12,890 million to end-March was down €19 million (0.1%) on profile, of which €28 million (5.6%) arises on the capital side. While the current side was €9 million (0.1%) above profile.

Non-voted expenditure

- **Non-voted capital expenditure** of €1,068 million to end-March 2016, was up €269 million (33.7%) year-on-year. This increase was driven by increased short terms loans from the Exchequer to the Social Insurance Fund, all of which have been repaid, and a capital contribution to Irish Water.
- **Non-voted current expenditure**, excluding debt servicing costs, stood at €687 million, down €160 million (18.9%) year-on-year, driven by timing issues in relation to our EU budget contribution.

Debt Servicing Costs

- Total Exchequer debt servicing costs to end-March 2016 of €2,036 million were in line with expectations, €1 million or 0.1% below profile, and down €23 million or 1.1% in year-on-year terms.

¹ It should be noted that the Expenditure profiles are consistent with the Budget Estimates published on 13 October 2015 after taking account of certain technical adjustments made in the Revised Estimates Volume published on 17 December 2015