

Exchequer Returns end-December 2015

Information Note

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Summary

- End-December 2015 saw the Exchequer record a deficit of €62 million compared to a deficit of €8,189 million in the same period last year.
- The improvement in the Exchequer balance is driven by increased tax and non-tax receipts, reduced interest expenditure and a number of one-off transactions. Without the one-off transactions, the improvement in the deficit would be c. €5.2 billion.

Revenue

- Tax revenue of €45,601 million was collected to end-December 2015. This represents a year-on-year increase of €4,319 million (10.5%) and is €3,302 million (7.8%) above profile. Tax receipts for the month of December were €360 million (11.0%) above profile.
- Cumulative income tax receipts were up €1,202 million (7.0%) when compared to 2014 and €379 million (2.1%) above profile. This performance is consistent with the recovering labour market, employment growth and increases in the average weekly earnings as evidenced by the recent QNHS and earnings releases. For the month of December, receipts of €1,793 million were collected, which was €329 million or 22.5% above the monthly target and up €401 million (28.8%) on the same period last year.
- Corporation tax receipts have been very strong, up €2,297 million (50.2%) against profile, which equates to a 48.9% increase on 2014. As outlined in previous notes, the over-performance is relatively broad based and is primarily related to improve trading conditions.
- The performance of VAT in 2015 has been very encouraging with receipts finishing the year €170 million (1.4%) ahead of target and on a year-on-year basis, receipts grew by 7.1% (€791 million) in 2015. These strong receipts are reflective of improved consumer confidence as evidenced by the performance of retail sales for the year to date.
- Excise duties recorded receipts of €567 million in December, which represents a surplus of €122 million (27.4%) against the monthly target. As a result of the strong performance in December, excise duties finished the year €46 million (0.9%) above profile and were also up €301 million (6.0%) when compared to 2014.
- Stamp duty closed the year €83 million (7.0%) above profile. The main factors driving the over-performance are increases in the number of share disposals.
- €42 million was collected in Local Property Tax in December, up €4 million or 10.7% on profile. This brings the total for the year to €469 million, which was €29 million (6.6%) above the annual target.
- Taking together, the remaining minor tax heads – CAT and Customs performed well in December and when added to the earlier strong performances, finished the year €43 million or 6.2% ahead of profile.

Non-tax revenue

- **Non-tax revenues** of €3,515 million at end-December, were up €550 million (18.5%) in year-on-year terms. The primary reason for this is the increase in the surplus income from the Central Bank of c. €500 million.

Capital receipts

- **Capital receipts** at end-December of €9,471 million, were up €3,947 million (71.5%) year-on-year, when the sinking fund 2014 contribution is excluded. The main reasons for the increase is the transfer from the NPRF to the Exchequer earlier this year, the sale of the PTSB contingent capital note, the receipt of proceeds from the sale of shares in PTSB and the redemption of the preference shares in AIB.

Expenditure

Voted Expenditure¹

- Total **gross voted expenditure** to end-December 2015, at €54,670 million, was €1,439 million (2.7%) above profile, but €245 million below the gross estimate for the year after taking account of Supplementary Estimates agreed by the Dáil during the year.
- Gross current expenditure of €50,843 million was €1,230 million (2.5%) above profile, whereas, gross voted capital expenditure of €3,827 million was €208 million (5.8%) above profile.
- **Total net voted expenditure** at €42,863 million, was 2.8% or €1,169 above profile and €639 million (1.5%) higher in year-on-year terms. After taking account of Supplementary Estimates, net voted expenditure was €271 million below the net estimate for the year and €162 million below the forecast for 2015 set out in the budgetary projections in Budget 2016.
- **Net voted current expenditure** at €39,345 million to end-December, was €969 million (2.5%) above profile, with the largest amounts over profile being in Health (€574 million, 4.8%) Social Protection (€275 million, 2.5%) and Education (€113 million, 1.5%).
- In year-on-year terms, net voted current expenditure was up €323 million (0.8%) with 9 of the 16 Departments recording an increase. The largest increases were recorded in Health (€403 million 3.4%) Environment (€338 million 78.4%) and Education (€245 million 3.4%). These were partially offset by reductions in Social Protection (€429 million 3.6%) driven by increases in PRSI receipts and Agriculture (€313 million 33.2%) arising from higher EU receipts.
- **Net voted capital expenditure** at end-December amounted to €3,518 million, which was €200 million (6.0%) above profile and up €316 million or 9.9% in year-on-year terms.

Non-voted expenditure

- **Non-voted capital expenditure** of €6,011 million to end-December 2015, was up €377 million (6.7%) year-on-year. This increase is primarily driven by increased short terms loans from the Exchequer to the Social Insurance Fund. All of which have been repaid to the Exchequer.
- **Non-voted current expenditure**, excluding debt servicing costs, stood at €2,670 million to end-December 2015, compared to €2,523 million for last year.

Debt Servicing Costs

- Total Exchequer debt servicing costs for 2015 were €7,106 million. On a like-for-like basis – that is excluding the sinking fund contribution from 2014 – this represents a year-on-year decrease of €473 million or 6.2%, largely reflecting lower interest payments to the IMF resulting from the early loan repayments of December 2014 and Q1 2015. Interest expenditure in 2015 at €6,979 million was in line with the outturn projected in Budget 2016 last October. It was some €718 million or 9.3% below the original Budget 2015 estimate of October 2014.

¹ It should be noted that the Expenditure profiles are consistent with the Budget Estimates after taking account of certain technical adjustments relating to the disestablishment of the HSE Vote, reclassification of expenditure arising from changes to the European System of National and Regional Accounts (ESA) standards, and the transfer of LPT receipts to Local Authorities.