

Chapter 12

Collection by Sector

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12.1 Information in relation to the amounts of taxes and duties collected between 2007 and 2010 is set out in Chapter 11. This shows that over the period the net amount collected dropped by almost one third. This chapter examines the tax take by sector and tax type over the period 2007 to 2010.

12.2 A breakdown by sector¹⁰⁹ is available for domestic VAT, PAYE, PRSI in respect of employees¹¹⁰, self-assessed Income Tax, Corporation Tax and Capital Gains Tax. Over the period, 2007 to 2010, these accounted for between 77% and 79% of net tax collected.

12.3 The Income Levy paid by PAYE employees and the self employed, which was introduced from 1 January 2009 has been excluded from the sectoral analysis to provide for comparison on a like for like basis of tax collection over the period. All further analysis in this chapter is based on the sectoral analysis available, excluding the Income Levy. The element of tax collection amenable to analysis on a sectoral basis for the period 2007 to 2010 is set out in Figure 57.

Figure 57 Tax Receipts, 2007 – 2010^a

Taxhead	2007	2008	2009	2010
	€m	€m	€m	€m
Net tax receipts	47,334	40,905	33,110	31,752
Add PRSI receipts ^b	9,406	9,708	9,209	9,111
Total tax and PRSI receipts	56,740	50,613	42,319	40,863
Less Income Levy	–	–	(1,138)	(1,446)
Total	56,740	50,613	41,181	39,417
Sectoral analysis available	43,879	39,586	32,448	30,774

Source: Office of the Revenue Commissioners

- Notes:
- a The payments received by Revenue in respect of PAYE and self-assessed Income Tax on which this analysis is based include amounts in respect of the Income Levy which cannot be separately identified for each sector. Therefore, the levy has been deducted from the amounts allocated to each sector for these taxheads in the same proportion as total receipts for the taxheads.
 - b PRSI comprises a social insurance contribution and the health levy. Residual amounts of the now abolished employment and training levy are also included here.

12.4 Net tax and PRSI receipts (excluding the Income Levy) for this element of revenue fell by €13.1 billion over the period – just under 30%. The extent to which the drop impacted on each taxhead is set out in Figure 58.

¹⁰⁹ The sectoral analysis is an estimate of the yield by sector based on information in relation to the payments by each taxpayer contained in Revenue's Integrated Taxation Processing system.

¹¹⁰ A breakdown by sector is not available for PRSI paid by self-employed persons.

Figure 58 Tax Receipts by Tax Type, 2007 – 2010

Taxhead	2007	2008	2009	2010	Change 2007-2010
	€m	€m	€m	€m	€m
Domestic VAT	12,978	12,065	9,628	9,030	(3,948)
Capital Gains Tax	3,097	1,424	544	345	(2,752)
Corporation Tax	6,393	5,071	3,890	3,944	(2,449)
PAYE	10,155	10,069	8,488	7,777	(2,378)
Self Assessed Income Tax	2,309	1,657	987	957	(1,352)
PRSI	8,947	9,300	8,911	8,721	(226)
Total	43,879	39,586	32,448	30,774	(13,105)

Source: Office of the Revenue Commissioners

12.5 The greatest decrease in absolute terms was in domestic VAT where receipts between 2007 and 2010 fell by just under €4 billion.

12.6 The greatest relative decrease was in Capital Gains Tax which fell by €2.75 billion between 2007 and 2010 and where the collection in 2010 stood at just 11% of the levels collected in 2007.

Tax Receipts by Sector

12.7 The classification of tax to sectors is based on NACE codes that are used in the European Union to classify economic activities for statistical purposes. The NACE code assigned to each registered taxpayer is based on the primary economic activity undertaken by that registration.

12.8 Over two thirds of the drop in net tax receipts was accounted for by four sectors

- construction sector – a decrease of €2.8 billion
- wholesale and retail trade – a decrease of €2.7 billion
- real estate, renting and business activities – a decrease of €2.1 billion
- manufacturing – a decrease of €1.4 billion.

12.9 The change in tax receipts by sector is set out in Figure 59.

Figure 59 Change in Tax Receipts by Sector, 2007-2010

	2007	Change 2007-2010	2010	Percentage Change
	€m	€m	€m	
Construction	3,619	(2,809)	810	(78%)
Wholesale and retail trade	8,871	(2,749)	6,122	(31%)
Real estate, renting and business activities	7,741	(2,142)	5,599	(28%)
Manufacturing	5,823	(1,406)	4,417	(24%)
Not classified ^a	1,436	(1,222)	214	(85%)
Financial intermediation	4,515	(1,095)	3,420	(24%)
Agriculture, hunting and forestry	817	(643)	174	(79%)
Transport, storage and communication	2,198	(435)	1,763	(20%)
Hotels and restaurants	1,500	(393)	1,107	(26%)
Other ^b	4,728	(297)	4,431	(6%)
Public administration and defence	2,631	86	2,717	3%
Overall movement	43,879	(13,105)	30,774	(30%)

Source: Office of the Revenue Commissioners

Notes: a This refers to tax collected where a sector has not been assigned.

b This includes the following sectors, mining and quarrying, community social and personal services, fishing, activities of households, extra territorial organisations, electricity, gas and water supply, education, health and social work.

12.10 By comparison with receipts in the preceding year, net tax receipts decreased by 10% in 2008, 18% in 2009 and 5% in 2010. The changes in both absolute and percentage terms is set out in Figure 60.

Figure 60 Tax Proceeds by Sector 2007 - 2010

	Change 2008		Change 2009		Change 2010	
	€m	%	€m	%	€m	%
Construction	(854)	(24%)	(1,637)	(59%)	(318)	(28%)
Wholesale and retail trade	(482)	(5%)	(1,936)	(23%)	(331)	(5%)
Real estate, renting and business activities	(992)	(13%)	(1,246)	(18%)	96	2%
Manufacturing	(241)	(4%)	(919)	(16%)	(246)	(5%)
Not classified ^a	(618)	(43%)	(522)	(64%)	(82)	(28%)
Financial intermediation	(519)	(11%)	(471)	(12%)	(105)	(3%)
Agriculture, hunting and forestry	(533)	(65%)	(206)	(73%)	96	123%
Transport, storage and communications	(26)	(1%)	(218)	(10%)	(191)	(10%)
Hotels and restaurants	(167)	(11%)	(143)	(11%)	(83)	(7%)
Public administration and defence	159	6%	221	8%	(294)	(10%)
Other ^b	(20)	—	(61)	(1%)	(216)	(5%)
Total	(4,293)	(10%)	(7,138)	(18%)	(1,674)	(5%)

Source: Office of the Revenue Commissioners

Notes: a This refers to tax collected where a sector has not been assigned.

b This includes the following sectors, mining and quarrying, community social and personal services, fishing, activities of households, extra territorial organisations, electricity, gas and water supply, education, health and social work.

12.11 While a decline in tax receipts occurred in almost all sectors in each year, the following is evident from a year on year comparison.

- Tax receipts from the construction sector continue to decrease at a faster rate than the rest of the economy. Tax receipts in 2010 stood at just 22% of the levels occurring in 2007.
- Receipts from the wholesale and retail trade continued to fall in 2010, but at a slower rate than in previous years.
- Receipts from two sectors – real estate, renting and business activities as well as agriculture hunting and forestry have started to recover in 2010 with increases in tax receipts being recorded in these sectors in 2010.
- Receipts from the public administration and defence sector began to decrease for the first time in 2010 as a result of factors such as pay cuts.

Sectoral Trends by Tax Type

12.12 The decrease in receipts had different impacts across the different categories of taxes. The main sectors contributing to decreases in receipts from the individual taxes is set out in Figure 61.

Figure 61 Sectors Contributing to Decreases in Receipts, by Tax 2007 – 2010

Tax Decrease 2007 - 2010	Main Sectors contributing to decrease
Domestic VAT – €3.95 billion	Wholesale and retail trade – €1.9 billion Construction – €986 million Manufacturing – €888 million
Capital Gains Tax – €2.75 billion	Unclassified – €843 million ^a Real estate, renting and business activities – €798 million Agriculture, hunting and forestry – €450 million
Corporation Tax – €2.5 billion	Financial intermediation – €1.17 billion Construction – €342 million Wholesale and retail trade – €328 million
PAYE – €2.4 billion	Construction – €570 million Real estate, renting and business activities – €446 million Public administration – €334 million Manufacturing – €254 million Wholesale and retail trade – €232 million
Self Assessed Income Tax – €1.35 billion	Real estate, renting and business activities – €497 million Construction – €334 million Agriculture, hunting and forestry – €129 million
PRSI – €226 million	Construction – €492 million offset by increases in PRSI receipts from Health and social work – €177 million Public administration and defence – €141 million

Source: Office of the Revenue Commissioners

Note: a It is likely that the high level of Capital Gains Tax allocated to the unclassified sector is a result of payment of this tax by those who are not registered for other self assessed taxes and have therefore not been allocated a sector code.

Conclusion

A sectoral analysis is available for around four-fifths of the tax collection (including PRSI). There has been a reduction of €13.1 billion or just under 30% in this element of the collection since the end of 2007.

Over half of that drop was accounted for by decreases in the property and retail sectors with the construction sector showing a decrease of €2.8 billion, wholesale and retail trade – €2.7 billion and real estate, renting and business activities – €2.1 billion.

Tax receipts from almost all of the sectors decreased in each of the years except for the

- real estate, renting and business activities sector¹¹¹ and the agriculture, hunting and forestry sector where receipts increased in 2010 after two consecutive years where decreases were recorded
- public administration and defence sector where tax receipts had increased in 2008 and 2009 but fell off significantly in 2010.

¹¹¹ Real estate, renting and business activities sector includes 'business activities' which in turn extends to professional services not related to real estate or renting such as accounting and legal services.