

## **Chapter 16**

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### **Revenue Compliance Measures**



## Revenue Compliance Measures

16.1 Revenue attempts to detect non-compliance using risk focused audits and seeks to deter those who do not meet their obligations using prosecutions and publication of defaulters. Revenue's audit programme comprises audits that

- are conducted in Revenue districts
- emanate from Revenue's special investigations or
- are conducted by its Large Cases Division.

16.2 In recent years, Revenue has introduced a risk evaluation and profiling methodology (REAP<sup>140</sup>). This is designed to focus the selection of cases for audit on those areas of greatest risk. However, other factors also impact on the choice of cases and in practice, taxpayers are selected for audit using different criteria depending on where a case originates.

### Chapter Focus

Chapter 14 dealt, *inter alia*, with random audit which is useful in giving a view of the overall compliance level and the risk factors in the population as a whole.

This chapter examines

- the organisation and results of Revenue's other audits and investigations
- pre-audit screening and assurance checks.

It also reviews measures to deter non-compliance.

### Audit Activity

16.3 Between 2007 and 2010, the yield from audit activity decreased by almost one third. This was due in part to

- the declining yield from special investigations which comprised 11% of audit yield in 2010 as compared with 23% in 2007
- a decline in the number of audits conducted in Revenue districts, which was counterbalanced to some extent by higher average audit yields.

16.4 The levels of audit coverage and associated audit yield recorded on Revenue's Audit Case Management System (ACM) between 2007 and 2010 are set out in Figure 81.

<sup>140</sup> REAP (Risk Evaluation Analysis Profiling system) is a computerised risk profiling system which rates taxpayers, relative to one another, using information from Revenue's other systems as well as information from third parties such as the Health Service Executive, the Department of the Environment, Community and Local Government and the Taxi Regulator.

**Figure 81 Audit Activity<sup>a</sup>, 2007 - 2010**

	2007		2008		2009		2010	
	Cases	Yield €m	Cases	Yield €m	Cases	Yield €m	Cases	Yield €m
<b>Normal Audits</b>								
Districts	11,534	296	10,721	304	10,441	334	9,552	293
Large cases	547	193	543	132	418	186	446	81
Investigations Prosecution Division	–	–	11	2	16	7	30	9
	<b>12,081</b>	<b>489</b>	<b>11,275</b>	<b>438</b>	<b>10,875</b>	<b>527</b>	<b>10,028</b>	<b>383</b>
<b>Special Investigations</b>								
Districts	850	143	499	78	357	62	178	25
Large cases	2	–	2	–	–	–	–	–
Investigations Prosecution Division	–	–	16	13	48	7	104	23
	<b>852</b>	<b>143</b>	<b>517</b>	<b>91</b>	<b>405</b>	<b>69</b>	<b>282</b>	<b>48</b>
<b>Total Audit Activity</b>	<b>12,933</b>	<b>632</b>	<b>11,792</b>	<b>529</b>	<b>11,280</b>	<b>596</b>	<b>10,310</b>	<b>431</b>

Note: a In earlier years, not all audits were recorded on Revenues Audit Case Management System (ACM). As a result Revenue's reported audit results for those years are higher than those shown in Figure 81. By 2010, the majority of audits were recorded in ACM.

### **Audits in Revenue Districts**

16.5 In practice, Revenue districts use a variety of mechanisms to select cases for audit. These include

- REAP – The results of REAP runs conducted on a quarterly basis are made available to case managers in selecting cases for audit.
- Specific projects aimed at targeting evasion on a sectoral basis. In 2010, projects were aimed in particular at individuals involved in the taxi, construction and cash based industries.
- Local knowledge – Cases selected based on local intelligence and other information.

16.6 Case selection methods have been changing as REAP is used more. One way of gauging the success of these changes in the mix of selection methods is by monitoring changes in average audit yield. Revenue does not currently measure average audit yield, in a way that excludes the effects of special investigations and random audits. During the audit this measure was calculated for all audits completed in Revenue districts between 2007 and 2010. The results are set out in Figure 82.

**Figure 82 Average Yield from Audits<sup>a</sup> Conducted in Revenue Districts, 2007 - 2010**

Region	Average yield			
	2007 €	2008 €	2009 €	2010 €
Dublin	25,900	30,300	39,600	34,400
South west	25,500	34,100	31,000	24,544
BMW region	27,600	28,200	30,000	30,600
East/South East	23,700	21,000	24,500	32,400
<b>Average<sup>b</sup></b>	<b>25,700</b>	<b>28,300</b>	<b>31,990</b>	<b>30,600</b>

Notes: a Excludes special investigations and random audits.

b The national average is the average for all audits completed at Revenue district level.

16.7 Between 2007 and 2010, the average yield per case audited increased by 19%. This was made up of an increase of 24% up to 2009 followed by a drop of 4% in 2010.

## Conclusion – Audits in Revenue Districts

Revenue currently focuses on the number of yielding audits, without distinction by type, as an indicator of its success in targeting. It would be useful to supplement this with the average monetary yield from those audits that have been selected on the basis of risk. This would allow the financial impact of its profiling to be gauged and regional trends tracked.

The increase in average yield per audit suggests that Revenue's increased focus on targeting those cases that present the highest risk is effective. However, the identification of cases with substantial yields must be balanced against the spread of audit activity. There has been a 17% decrease in audit activity at district level since 2007.

The increases in average yield was not uniform across the four Revenue regions. Dublin and East/South East experienced significant increases over the period. The increase in yield in the BMW region was comparatively less. The South West region had large increases between 2007 and 2009 but audit yield decreased again in 2010, to below 2007 levels.

Revenue should investigate these trends and relate them to the selection of cases and the focus of audits in each area.

## Special Investigations

16.8 A number of special investigations have been carried out by Revenue in the past number of years. Five of the investigations involved a voluntary disclosure element. In those cases, taxpayers were allowed to come forward voluntarily and pay the relevant taxes and duties.

16.9 Figure 83 sets out the cumulative amounts received to the end of April 2011 as a result of each investigation. Two investigations – Life Assurance Products and Undisclosed Funds in Irish Bank Accounts – were extended in 2009. An investigation into trusts and other offshore structures began in 2009. It focused on identifying undeclared tax liabilities by persons who had transferred or settled property, assets or funds to any trusts and other similar off-shore structures. At the end of April 2011, the yield from this investigation was €38.15 million in respect of 197 cases.

**Figure 83 Special Investigations - Revenue Collected to April 2011**

Investigation	Year commenced	Number of cases	Receipts 2010 <sup>a</sup> €m	Receipts to April 2011 €m
DIRT - Look Back Audits (financial institutions)	1999	37	-	225
<b>DIRT Underlying Tax</b>				
Voluntary Disclosure Scheme	2001	3,675	-	227
Post Voluntary Disclosure Investigations	2001	8,500 <sup>b</sup>	1.3	421
NIB – Offshore Investment Schemes	1998	465	0.1	60
Ansbacher-type Schemes	1999	289	0.1	107
Pick Me Up Schemes	1998	71	-	1
Tribunal-related reviews	1998	49	-	41
Offshore Assets	2004	14,948	8.0	964
Undisclosed Funds – Life Assurance Products	2005	5,526	6.0	484
Undisclosed Funds in Irish Bank Accounts	2008	1,255	8.7	86
Trusts and Offshore Structures	2009	197	19.0	38
<b>Total</b>		<b>35,012</b>	<b>43.2</b>	<b>2,654</b>

Source: Office of the Revenue Commissioners

Notes: a This relates to actual cash received in the year. It differs from the information set out in Figure 81 as audit yield is only recognised when a case is closed. The yield in 2010 is greater than the cash receipts as it is taking account of cash received in earlier years.

b This is an estimated figure.

### Conclusion – Special Investigations

The amount collected on foot of investigations in 2010 was €43 million. Of the €2.65 billion collected to date from all investigations, some €1.57 billion or 59% was collected from the voluntary disclosure schemes which formed part of five of the investigations<sup>141</sup> and 68% of the total cases involved in all investigations were individuals that availed of voluntary disclosure initiatives.

No new investigations were commenced in 2010.

<sup>141</sup> Voluntary disclosure schemes were available for the investigations into DIRT Underlying Tax, Offshore Assets, Life Assurance Products, Undisclosed Funds in Irish Bank Accounts and Trusts and Offshore Structures.

### Audits by Large Cases Division

16.10 Many of the companies managed in the Large Cases Division are part of a group structure<sup>142</sup>. Case managers deal with all cases in a group. The Division has eleven business units of which ten are organised on a sectoral basis. The remaining business unit deals with high wealth individuals. In 2009, almost half of the gross receipts in taxes and duties emanated from the Large Cases Division.

16.11 The numbers of audits conducted and the associated yield is set out in Figure 84.

**Figure 84 Audits by Large Cases Division<sup>a</sup>, 2007 - 2010**

		2007	2008	2009	2010
Number of audits conducted		547	543	418	446
Yield	€m	193	132	186	81
Average yield	€	352,232	243,762	444,161 <sup>b</sup>	180,906

Notes: a Special Investigations and random audits are excluded from this analysis.

b In 2009, one audit yielded €33.5 million in respect of VAT. The average audit yield in respect of the remainder of cases stood at €363,923.

### Conclusion – Audits by Large Cases Division

The number of audits completed in Large Cases Division has decreased since 2007 and the yield in 2010 had halved by comparison with 2007.

16.12 In light of the drop in the number of audits conducted and the average yield per case, I asked the Accounting Officer to outline the reasons for the decreased level of audit activity and the processes in place to ensure that audit resources in Large Cases Division are deployed towards those cases presenting the highest risk since REAP is not used to select cases for audit.

16.13 The Accounting Officer informed me that notwithstanding the pressure on resources due to the loss of some senior auditing staff and the ongoing rebuilding of audit capability, including targeted recruitment of personnel with specific skill sets, Large Cases Division has continued to carry out a substantial compliance programme involving audits and assurance checks. The main issue that contributed to the decreased yield, was the economic downturn.

16.14 She stated that a structured approach to risk analysis is used to select the right issues for audit or intervention and then focus effort on them. Selected issues are generally those involving the greatest risk of non-compliance. The aim is to reduce the possibility that significant risks will go undetected. Large Cases Division is continuously working to improve the effectiveness of its risk analysis and compliance improvement programme, including its audit activity.

16.15 A significant difference in the administration of Large Cases Division cases is that the businesses file manual accounts which provide the case managers with comprehensive data for case profiling while other cases provide an extract of accounts.

16.16 The risk-focused audit programme takes into account the scale of company operations, business complexity and developments in the sector. Specific sector-wide projects are undertaken as appropriate.

<sup>142</sup> These groups comprise holding companies, subsidiary companies and associated companies.

16.17 She stated that compliance assurance in the Large Cases Division involves

- ongoing review of tax strategies and risks to identify issues for intervention
- industry research and intelligence gathering and analysis to inform case selection
- issue management, e.g. a legislative change or interpretative guidance to assist other taxpayers to comply
- systems based computer audits
- monthly monitoring of trends in audit results – numbers completed, underway and commencing, age profile of audits, yields, issues involved and time taken
- regular review of audits for probity, quality and lessons learned
- working in 'real-time', auditing the current year and other real-time interventions
- 'locking in' future compliance for all taxes, customs and duties.

## **Assurance Checks and Screening**

16.18 Revenue attempts to minimise the cost of resource intensive audit by seeking assurance that the customer is broadly compliant in the areas that are the subject of the check and in addition, seeking to focus audits on the cases of greatest risk using REAP.

### ***Assurance Checks***

16.19 Assurance checks include

- verification of documentation and requests for additional information
- checks of customs documentation
- excise checks including Vehicle Registration Tax
- checks arising from suspicious transactions reports
- eligibility checks arising from special investigation voluntary disclosure schemes
- queries which examine a single aspect of a case for the purpose of testing an apparent risk highlighted by REAP.

16.20 Revenue has recorded a total of 454,796 assurance checks in 2010 that yielded €8 million (361,480 checks in 2009 with a yield of €8.5 million). The bulk of the yield (€2 million) arose out of documentation checks and requests for further information. 6% of the cases that were followed up yielded some additional tax. Large Cases Division conducted 12,315 of those checks (2.7% of the total) resulting in an additional yield of €13 million (22% of the total).

## Risk Profiling

16.21 REAP is a computerised rules-driven system for evaluating risk within the taxpayer population<sup>143</sup> being risk rated on a quarterly basis. The information used is derived from Revenue's own information system, and third party information provided by bodies such as the Health Service Executive, the Department of Environment, Community and Local Government, the Taxi Regulator and from designated persons obliged to submit suspicious transaction reports under anti-money laundering legislation. Revenue has been piloting an extension of REAP to the PAYE area.

16.22 The system includes over 250 risk elements which derive, for example, from instances such as where returns are filed late, where information in the accounts suggest inconsistent profit margins or there is no record of declared income when third party information suggests there should be or there is a suspicion of tax evasion shown on a suspicious transaction report.

16.23 Since 2008, there has been a requirement that districts use REAP in the selection of cases for audit and Revenue has set a target that at least 60% of all cases audited will come from the top 20% risk category. In this regard, Revenue does not set targets nor measure performance in relation to the different categories of audit – special investigations, large cases audits or audits conducted at District level. Overall, an increasing proportion of cases audited are in the top 20% risk category. The results for the period 2008 to 2010 are set out in Figure 85.

**Figure 85 Cases Audited in Top Risk Category<sup>a</sup>, 2008 to 2010**

	2008	2009	2010
	%	%	%
Proportion of cases audited in top 20% risk category	58	71	67

Source: Office of the Revenue Commissioners

Note: a Figures are based on audits settled in Revenue's Audit Case Management System with a risk ranking. Not all audits are recorded on that system.

16.24 Revenue has succeeded in its objective of auditing over 60% of cases that are in the top 20% of risk in 2010. However, this does not necessarily mean the cases were selected for audit for that reason. Reasons recorded on Revenue's case management system are set out in Figure 86.

<sup>143</sup> The population consists of all live companies and sole traders, partnerships and company directors who are registered for Income Tax or Corporation Tax and other taxpayers with a live VAT, PAYE/PRSI or Relevant Contracts Tax registration.

**Figure 86 Audits by Selection Reason and Region, 2010**

Selection Reason	Region				Percentage
	Dublin	South West	BMW	East/ South East	
REAP	1,132	1,064	1,200	983	46%
Returns and claims reviews	957	579	564	466	27%
Special projects	181	230	132	227	8%
Voluntary disclosure/information	200	230	222	174	9%
Other <sup>a</sup>	341	223	221	226	10%
<b>Total</b>	<b>2,811</b>	<b>2,326</b>	<b>2,339</b>	<b>2,076</b>	

Note: a Other selection reasons include Random Audit Programme, local knowledge, information gained from other audits, re-audit, suspicious transactions reports and special compliance projects.

16.25 A key indicator of the effectiveness of the system is the extent to which non-yielding cases are decreasing. Figure 87 sets out the proportion of those cases in the past three years.

**Figure 87 Proportion of Non-Yielding Cases<sup>a</sup>, 2008 to 2010**

	2008	2009	2010
	%	%	%
Proportion of cases with nil yield	36.7	29.5	28.2

Source: Revenue Commissioners Annual Performance Reports, 2008 to 2010

Note: a Includes all cases audited and all categories of audit including random audits, special investigations and audits conducted by districts and Large Cases Division.

16.26 While the trends are indicative of a greater use of risk profiling and more effectiveness in identifying the potential yielding cases there is still scope for further improvement. For instance, the minutes of meetings of an internal liaison and advisory group held in 2009 and 2010 noted

- There were differences in the approaches being adopted to the selection of cases using REAP. Some areas had a central screening unit at regional level, where the riskiest cases were initially screened and then selected for audit. Other areas had these units at district level. Other areas were in the process of piloting central screening units.
- In some regions profiling interventions and assurance checks were conducted on cases to resolve some of the issues identified as part of the screening process.
- While there was overall commitment to select 60% of cases from the top 20% risk rating, the actual use of REAP varied greatly from district to district.

16.27 It is apparent, however, that the REAP system does not yet have general applicability. This is demonstrated by the experience of Large Cases Division where a review was conducted in 2010 to assess the applicability of REAP to its selection of audits.

16.28 While working with the REAP team to understand the cases highlighted as risky, one Business Unit found that of the 20 REAP triggers that had resulted in cases being assessed as high risk, three were found to be factually incorrect, 15 were inappropriate or the thresholds were too small given the average case sizes in this Division. Only two of the triggers were found to have some relevance.

16.29 The review concluded that

- More comprehensive information was, in fact, available to caseworkers in the Division than was used by REAP.
- Some of the data being used by REAP was old and it was felt that the Division had a more up to date position.
- REAP triggers that were based on certain thresholds were inappropriate for most cases in the division. (For example, capital allowance claimed in excess of €40,000).

### **Conclusion – Assurance Checks and Risk Profiling**

6% of cases which were the subject of lower intensity assurance checks yielded additional tax. The Revenue risk profiling system appears to be contributing to audit effectiveness since a greater proportion of audits are yielding additional tax than heretofore. However, some scope for improvement still exists.

As is indicated by the findings of internal reviews, the risk profiling system has not proved effective with its current rules and parameters for use in the area where the most significant tax is managed – Large Cases Division.

It is acknowledged that REAP was not specifically designed around the type of cases dealt with by Large Cases Division and that it has limitations where scale and group structures apply. Revenue has commenced a process to refine the system based on the experience of its Large Cases Division.

### **Measures to Deter Non-Compliance**

16.30 Revenue's deterrence provisions fall into two main categories – civil penalties and criminal proceedings. In certain cases, it publishes details of persons who have defaulted on their Revenue obligations. In the case of late filing loss relief may be restricted.

#### ***Civil Penalties***

16.31 Where incorrect returns are made fraudulently or negligently, penalties are generally imposed. These mainly arise out of Revenue audits. Civil penalties imposed as a result of 2010 audits amounted to €33 million (€45 million in 2009).

16.32 Revenue can also impose civil penalties for failing to submit returns on time.

- In 2010, Revenue imposed penalties of €1.9 million in 526 cases that did not submit the 2009 P35 return on time (€1.7 million in respect of 519 cases in 2009 in respect of the 2008 P35 returns). Due to a change in legislation in the context of the Human Rights Convention, which necessitated some fundamental changes in penalty processes, civil proceedings in respect of cases that did not pay this penalty were not taken in 2009 or 2010. However, 40 of these cases where the penalty was not paid for 2009 are now awaiting a court hearing date. Court proceedings will be taken in respect of suitable unpaid 2010 cases during the remainder of 2011.
- Penalties totalling €244,000 were imposed in 61 cases for failure to submit VAT returns.

### ***Criminal Proceedings***

16.33 Criminal proceedings arise in relation to the non-filing of returns, summary prosecutions for various other tax and customs and excise offences and prosecutions for serious evasion.

#### ***Non-Filing of Returns***

16.34 Criminal prosecutions of cases that failed to file VAT returns resulted in 103 cases being heard in court in 2010 and fines of €701,600 being imposed. There were 1,217 convictions for failure to file Income Tax and Corporation Tax returns with €2.8 million in fines imposed. In addition, 60 convictions were obtained for failure to file Intrastat and Vat Information Exchange System (VIES) returns and fines of €12,200 were imposed.

#### ***Summary Prosecutions for Customs and Excise Offences***

16.35 There were 509 convictions in respect of summary prosecutions for customs and excise offences in 2010 resulting in fines of €1.1 million. 19 custodial sentences were imposed, 13 of which were suspended. These included cases of cigarette and alcohol smuggling, cigarette selling, marked oil, excise licence and VRT offences.

#### ***Summary Prosecutions for Tax Offences***

16.36 There were ten convictions for tax offences other than non-filing of returns, with fines totalling €33,015 imposed. The offences included failure to furnish books and records, forging documentation and providing a false name to a Revenue Officer.

#### ***Prosecutions for Serious Tax Evasion***

16.37 111 cases of serious tax evasion were at various stages of the investigation and prosecution process at the end of 2009. In 2010, a further 40 cases were determined to be suitable for investigation with a view to prosecution (23 in 2009). Convictions were obtained in seven cases decided in court in 2010. The details of the seven cases are set out in Figure 88. Six of these cases were originally identified as being suitable for investigation with a view to prosecution as a result of Revenue audits and checks.

**Figure 88 Convictions in 2010 for Serious Tax Evasion**

Occupation/ activity	Fine €	Estimated tax at risk €	Offence
Locksmith <sup>a</sup>	None	613,000	Failure to furnish returns, submitting incorrect tax returns, failure to keep books and records
Doctor	1,250	50,000	Failure to furnish returns
Doctor	3,500	250,000	Failure to furnish returns
Company Director <sup>b</sup>	None	550,000	Submitting incorrect returns, failure to remit tax
Electrician	8,250	36,000	Failure to furnish returns, submitting incorrect returns, obtaining a VAT repayment to which he was not entitled
Director/Tax Consultant <sup>c</sup>	None	70,000	Claiming an Income Tax repayment to which he was not entitled, submitting incorrect returns
Haulier <sup>d</sup>	None	Unknown	Filing incorrect VAT returns, claiming VAT repayments to which he was not entitled, producing incorrect invoices

Source: Annual Revenue Performance Report 2010

- Notes:
- a A two year suspended sentence was imposed.
  - b Three concurrent sentences of one year, nine months and four months were imposed (suspended for three years).
  - c A 15 months imprisonment was imposed in respect of each of the seven charges (to run concurrently).
  - d A three year sentence was imposed on each of 15 charges, suspended on condition of 240 hours community service.

16.38 Seven cases were closed during 2010 leaving 137 cases at various stages of the investigation and prosecution process at the end of 2010. By the end of April 2011 a further five cases had been closed and an update of the status of the 137 cases is shown in Figure 89.

**Figure 89 Status of Serious Tax Evasion Cases at April 2011**

Status	Number of cases
Under investigation	66
With the Revenue Solicitor's Office	10
Submitted to the Director of Public Prosecutions	3
Directions issued by the Director of Public Prosecutions to prosecute	29
Before the court	18
Closed	5
Convictions obtained	6
<b>Total</b>	<b>137</b>

Source: Office of the Revenue Commissioners

16.39 51% of these cases were identified as being suitable for investigation as a result of Revenue audits and checks, 20% arose from Revenue investigations, 15% were identified from suspicious transaction reports and 14% were based on information provided by other agencies and individuals.

### *Prosecutions for Serious Customs and Excise Offences*

16.40 There were six convictions for serious Customs and Excise offences in 2010. Fines of €2,500 and €850 were imposed in two cases. Four suspended custodial sentences, each of two years, were imposed.

### **Publication of Defaulters**

16.41 Details of audit settlements are published where Revenue accept a specified sum in excess of €3,000 in settlement of any additional liability for tax, interest and penalties. Cases are not published where

- a 'qualifying disclosure' is accepted
- the settlement is less than €3,000
- the penalty does not exceed 15% of the tax ultimately due.

16.42 Figure 90 sets out the total amounts of tax, interest and penalties in published cases settled between 2007 and 2010.

**Figure 90 Cases of Non-Compliance Published, 2007 - 2010**

Status	Number of cases	Total tax, interest and penalties €m
2007	555	144
2008	401	75
2009	356	97
2010	305	68

Source: Office of the Revenue Commissioners

### **Loss Relief Restriction**

16.43 Revenue has estimated that the future tax impact of losses restricted as a result of audits conducted in 2010 at €127 million (€290 million in 2009).

16.44 In addition, the Taxes Consolidation Act 1997 provides for restrictions on the use of losses where returns are not filed on time (within nine months of the end of the company's accounting period).

16.45 In cases where the return is filed more than two months after the due date, loss relief is restricted by 50% up to a maximum of €158,715. The restriction is reduced to 25% with a maximum restriction of €1,740 where the return is filed late, but within two months of the due date. The tax value of the losses in the case of filing delay is not forgone but is postponed to a later claim period.

### **Conclusion – Deterrence Measures**

Penalties arising out of audits amounted to €33 million. In the case of litigation, penalties tend to be smaller. Civil cases yielded €2.1 million and criminal cases yielded €4.7 million. Over 150 cases of serious tax evasion were being pursued during 2010. The rate of disposal of these cases is low with only seven finalised in court in 2010 and a further seven dropped.

## Conclusion

While the behaviour of taxpayers is best gauged by means of random sampling as outlined in Chapter 14, the efficiency of collection is likely to be optimum where a risk based approach is employed.

Audits selected on a risk basis in Revenue districts yielded €293 million of the total yield of €431 million in 2010. A further €58 million was collected following lower intensity assurance checks.

Overall, an upward trend in the audit yield over time suggests that Revenue's computerised risk assessment and profiling system has increased its effectiveness in identifying cases with material financial non-compliance. In addition, less cases selected for audit are non-yielding which also suggests improvement in profiling. However, the number of audits conducted in Revenue districts has decreased by 17% since 2007.

In view of variations noted on audit, it would be useful for Revenue to track the average audit yield by region.

The number of audits completed in Large Cases Division has decreased since 2007 and the yield in 2010 had almost halved in comparison with 2007. There were resource pressures in this area. Revenue is taking steps to rebuild its audit capability.

No new special investigations were commenced in 2010. €43 million was collected from existing investigations.

Penalties arising out of audits amounted to €33 million. In the case of litigation, penalties tend to be smaller. Civil cases yielded €2.1 million and criminal cases yielded €4.7 million. Over 150 cases of serious tax evasion were being pursued during 2010. The rate of disposal of these cases is low with only seven finalised in court in 2010 and a further seven dropped.

