

Chapter 14

Taxpayer Compliance

Taxpayer Compliance

14.1 All taxes and duties collectible by Revenue are self-assessed with the exception of PAYE and PRSI (which is initially assessed by employers) and Vehicle Registration Taxes on second-hand vehicles which is assessed by the National Car Testing Service¹¹⁶.

14.2 In a tax administration that is based on self-assessment there are certain risks that tax may not be fully collected. These include the risk that

- all potential taxpayers will not be identified
- missing returns from identified taxpayers will not be pursued
- incomplete or inaccurate returns will not be identified.

14.3 It is important for Revenue to be in a position to track compliance trends in these areas and position itself to address any emerging issues. The risks outlined are likely to impact on the Revenue collection based on the following

- the Irish shadow economy is estimated to be of the order of 13% of Gross Domestic Product (GDP)
- audits show a consistent rate of non-compliance in a random sample of the taxpayers
- the results of special investigations show a historic pattern of evasion
- the Department of Social Protection undertakes a programme of employer inspections to ensure the correct operation of PRSI. This programme identified a non-compliance rate of 15% in 2010 (20% in 2009). There is likely to be some cross-over between PAYE and PRSI compliance.

Chapter Focus

This chapter reviews

- what the result of random audit is suggesting about general taxpayer compliance
- whether Revenue is in a position to review the timeliness of payment compliance
- the emerging risks to compliance and how Revenue is responding to them
- the trend in identified major non-compliance in the recent past.

¹¹⁶ On 1 September 2010, the National Car Testing Service took over a range of registration functions on behalf of Revenue in accordance with provisions included in the Finance Act 2010.

Random Audit

14.4 Revenue has operated a Random Audit Programme since 1993. Around 400 random audits are selected for completion annually. The extent of completion of the Random Audit Programmes for 2007 to 2010 as at 31 March 2011 is shown in Figure 70.

Figure 70 Random Audit Programmes, 2007 - 2010

	2007	2008	2009	2010
Number of Cases				
Sample selected	401	403	400	400
Completed cases	397	395	361	293
Dropped cases	2	1	–	–
Incorrect period audited	1	–	–	–
Other ^a	–	2	–	–
Cases on hand at March 2011	1	5	39	107

Source: Office of the Revenue Commissioners

Note: a Cases already assigned to Anti-Avoidance and Investigation and Prosecutions Divisions. They are not audited under the Random Audit Programme.

14.5 The results of the random audits conducted in the period 2007 to 2010 are set out in Figure 71.

Figure 71 Results of Random Audit, 2007 - 2010

	2007	2008	2009	2010 ^a
Base year yield	€	€	€	€
Tax	571,765	836,381	631,302	279,646
Interest and penalties	236,728	334,840	237,089	77,569
	808,493	1,171,221	868,391	357,215
Yield for other years	€	€	€	€
Tax	735,799	1,096,343	791,772	165,993
Interest and penalties	452,542	351,848	294,592	61,123
	1,188,341	1,448,191	1,086,364	227,116
Total yield	1,996,834	2,619,412	1,954,755	584,331
Audits completed	397	395	361	293
Average yield for base year	2,037	2,965	2,406	1,219
Average yield for all years	5,030	6,631	5,415	1,994
Yielding cases as % of completed cases	33%	30%	34%	33%

Source: Office of the Revenue Commissioners

Note: a The programme for 2010 has not yet been completed. The experience in previous years is that the yield increases as the later cases are finalised.

14.6 Overall, the results indicate that

- the number of yielding cases is around 32%
- the average yield from the audit is between €5,000 and €6,600
- when non-yielding cases are excluded, the average yield from the 2007 to 2009 programmes varied between €15,200 and €22,200.

14.7 During the audit, the original declared liability was compared with the audit yield for all audits completed under the 2009 Random Audit Programme. The results are set out in Figure 72.

Figure 72 Compliance Rates based on 2009 Random Audit Programme

	Yielding cases	Non-yielding cases ^a	Total
Number of cases completed	121	240	361
Total original declared liability ^b	€9,674,938	€26,024,592	€35,699,530
Additional tax in base year as a result of audit	€631,302	-	€631,302
Additional tax in other years as a result of audit	€578,682	€213,090	€791,772
Proportion of undeclared tax in 2007	6.5%	-	1.8%
All undeclared tax as a proportion of declared liability in 2007 ^c	12.5%	0.8%	4.0%

- Notes:
- a This column refers to cases with no base year yield. Some had yields in other years.
 - b Original liability was calculated by subtracting the audit yield, interest and penalties from the final declared liability on Revenue's Integrated Taxation Processing System.
 - c The 2007 liability has been used as a measure of the amount of tax due in a representative year.

14.8 The value of tax undeclared was 1.8% for a single year and, overall, random audits identified additional undeclared tax equivalent to 4% of the base year liability.

Compliance by Taxhead

14.9 During a review by my Office, compliance was examined on the basis of individual taxheads in respect of audits completed under the 2009 Random Audit Programme. The results are set out in Figure 73.

Figure 73 Compliance by Taxhead based on Results of 2009 Random Audit Programme

	Income Tax	VAT	Employers PAYE/PRSI	Corporation Tax	Other ^a	Total
	€000	€000	€000	€000	€000	€000
Original declared liability	1,174	10,209	17,156	7,081	-	35,620
Base year yield	162	351	71	29	18	631
Additional year yield	96	455	122	2	117	792
Total audit yield	258	806	193	31	135	1,423
Base year tax underdeclared %	13.8	3.4	0.4	0.4	-	1.8
Total tax underdeclared^b %	22.0	7.9	1.1	0.4	-	4.0

- Notes:
- a The 'Other' category includes Capital Gains Tax and Relevant Contracts Tax. However, the sample is too small to draw any conclusions in respect of the level of tax underdeclared.
 - b The 2007 liability has been used as a measure of the amount of tax due in a representative year.

14.10 The results would suggest that the taxes that are significant from an underdeclaration viewpoint are

- VAT because even a small non-compliance rate has implications for yield due to the size of overall liabilities
- Income Tax because of the high percentage of the original liability underdeclared.

14.11 The results reported in Figure 73 are based on a single year. As an aid in focusing Revenue's efforts it would be desirable to combine the results of a number of years so as to isolate those taxheads where the impact of non-compliance is greatest and those where non-compliance is most prevalent.

Compliance by Sector

14.12 During a review by my Office, the results of the 2007 to 2010 Random Audit Programmes were combined and examined on a sectoral basis to establish the extent of variation in compliance between sectors. The results are set out in Figure 74.

Figure 74 Compliance by Sector based on 2007 - 2010 Random Audit Programmes

	Number of audits completed	Proportion of yielding cases %	Average yield – all cases €	Average yield – yielding cases €
Hotels and Restaurants	46	50	6,372	12,743
Manufacturing	66	35	3,870	11,105
Wholesale and Retail Trade	118	40	3,043	7,639
Real Estate, Renting and Business Activities	341	30	1,443	4,730
Construction	191	38	1,518	3,971
Transport, Storage and Communications	107	42	1,166	2,773
Agriculture, Hunting and Forestry	227	25	622	2,478
All Other Sectors ^a	350	26	1,039	3,953
All Sectors	1,446	32	1,604	4,998

Note: a Includes activities of households, all other sectors/unknown, community, social and personal services, education, financial intermediation, fishing, health and social work, public administration and defence, mining and quarrying.

14.13 Overall, the highest rate of non-compliance and the highest levels of yield were in the hotel and restaurant sector.

14.14 It is a requirement of the Random Audit Programme that a comprehensive audit be completed. The review examined a sample of 50 cases to establish

- whether a comprehensive audit¹¹⁷ had been completed in each case and review the documentation available to evidence the work completed and the basis for the audit conclusion
- how the agreed settlement¹¹⁸ compared with the auditor's quantification of liability.

14.15 In the majority of cases the documentation on file evidenced the completion of a comprehensive audit. However, in two of the 50 cases examined, while the taxpayer was registered and active for a number of taxheads, the evidence on the audit file suggested the audit was limited to examining only one taxhead.

14.16 There was a significant degree of variation in the quality of the audit files reviewed. Good practice examples included instances where the audit report outlined the type of business, the principals involved, the main sources of income, a summary of the work completed on audit and a clear basis for the audit conclusion reached. In other cases, there was no audit report and a review of the documentation on file did not provide adequate evidence in relation to the audit conclusion reached. In response, Revenue has stated that developments to its case management systems have been made to assist in the implementation of quality standards in relation to case selection, audit preparation and reporting.

14.17 In order to provide a true measure of compliance the yield reported would need to be broadly equivalent to the undeclared liability detected. The agreed settlement was compared with the assessed liability for the sample. In 23¹¹⁹ cases no additional liability was identified. In relation to the remaining 27 cases where additional liability was assessed that additional liability agreed with the settlement in 24 cases. In the final three cases the assessed liability was greater than the settlement amount as the taxpayer had claimed inability to pay the amounts due. In one of those cases, Revenue raised a liability on the taxpayers file while, in the other two, no record of the liability was entered on the taxpayers record.

14.18 Audit yield is defined as settlement amounts. As a result using audit yield to assess the extent of underdeclaration underestimates the level of non-compliance. Revenue has acknowledged this and its settlement recording is being amended from July 2011.

¹¹⁷ A comprehensive audit is one which normally covers Income Tax or Corporation Tax and any significant risks associated with other taxes the individual or company is registered for.

¹¹⁸ The settlement represents the amount agreed between the taxpayer and Revenue as being payable.

¹¹⁹ Includes one case where the audit identified an issue, however the impact on the taxpayers liability was not quantified.

Conclusion – Random Audit Programme

The Random Audit Programme has the potential to yield significant information that would inform Revenue's compliance strategy by

- giving an indication of the tax gap and taxpayer compliance rates
- helping to identify the impact and incidence of non-compliance by taxhead
- identifying sectors where greater amounts of tax are at risk.

Revenue does not currently carry out this type of analysis. My review, while based on limited samples, demonstrates, in my opinion, that this type of analysis is both feasible and useful. It would help Revenue to extract valuable information from the programme in order to inform its compliance work and would lead to a greater transparency around the cost of non-compliance which is ultimately borne by compliant taxpaying citizens.

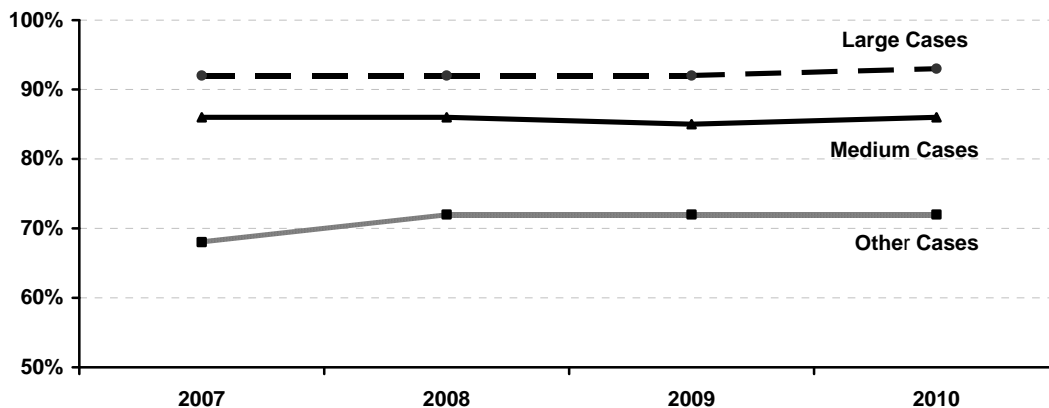
One of the objectives of the Random Audit Programme is to measure and track compliance with tax legislation. The tax underdeclared and the original declared liability should be reported in all cases examined in the course of the Random Audit Programme. This would facilitate provision of an estimate of the audit gap (the tax collectible if all returns were audited) through a comparison of additional liabilities detected by the audit with the original liability.

Timely Compliance

14.19 The measurement of filing and payment compliance are important elements in Revenue's tracking of taxpayer compliance. Revenue currently monitors filing and payment compliance using a composite indicator that measures the proportion of taxpayers that have submitted a return or a payment as a proportion of the total number of returns issued. The measure is calculated by aggregating within bands based on three case sizes (large, medium and other), the compliance rate for each taxhead on a weighted basis. The weighting is based on the annual yield for each taxhead.

14.20 Compliance rates are calculated for the due month and one month after the due date – due month plus 1. Performance using this measure for the period 2007 to 2010 is set out in Figure 75.

Figure 75 Due Month Compliance Rates^a, 2007 - 2010



Source: Office of the Revenue Commissioners

Note: a This is a composite compliance measure which takes account of compliance in relation to PAYE/PRSI, VAT, Corporation Tax, Income Tax and Relevant Contracts Tax (RCT). The definition of case sizes changed in 2008. The comparative figures for due month compliance in 2007 have been restated.

14.21 As the relatively stable compliance rates for large and medium sized cases over the period are at odds with a rising level of tax owed to the Revenue Commissioners, which had increased from €1.1 billion at the end of 2006 to €2.1 billion at March 2011, I asked the Accounting Officer to provide details of the debt at 31 March 2011 by case size and to indicate the number of cases in each category. The Accounting Officer stated that she was not in a position to provide this information.

14.22 Monitoring payment compliance is critical to ensure that Revenue maximises the funds made available to the Exchequer. I asked the Accounting Officer to disaggregate the composite measure in order to measure separately return and payment compliance. Revenue attempted to disaggregate the measure for the main business taxes including VAT, PAYE/PRSI and RCT. As a result of limitations in its current IT systems, the Accounting Officer stated that Revenue was not in a position to present separate payment and filing compliance indicators in relation to PAYE and PRSI¹²⁰. Revenue used a five tier¹²¹ categorisation for the purpose of the analysis.

14.23 In relation to VAT, separate return and payment rates were calculated which measured compliance on the month the return/payment was due and again at one, two and three months after the due date. Overall, payment compliance lags the level of reported overall compliance as indicated in Figure 76.

Figure 76 Payment and Composite Compliance - VAT

	Composite Measure	Payment Measure	Difference
	%	%	%
Due month	60.2	58.0	2.2
Due month plus 1	73.9	71.1	2.8

Source: Office of the Revenue Commissioners

14.24 Payment compliance lagged compliance reported on a composite basis by between 2.2% and 3.3% depending on the timescale and in some tiers by as much as 5.5%. Overall payment compliance reached 80.5% after four months and ranged between 73.3% for Tier 5 up to 98.3% for Tier 1.

14.25 The differential between the composite measure and payment compliance is more marked in Tiers 3 and 4 suggesting a need for more intensive intervention in relation to debt management in those areas. The gap between payment and composite compliances decreases when debts below €100 are excluded but with Tiers 3 and 4 showing the highest deviations¹²².

¹²⁰ The data analysis tool used does not record the receipt of the monthly PAYE/PRSI Return in instances where the return indicates tax due without an accompanying payment.

¹²¹ Revenue classifies its caseload according to the size of the taxpayers average annual amount of tax paid ranging from Tier 1 for larger cases and Tier 5 for small cases.

¹²² RCT also shows a deviation for some tiers of over 3%.

Conclusion – Timely Compliance

Revenue needs to address its capacity to capture and report payment compliance across all major taxheads and report results consistently. The measures it currently reports are based on a count of returns in defined categories. This needs to be supplemented with information on debt by case size. Both the amount of credit and the period of credit taken by taxpayers needs to be kept under review.

A positive feature of performance is the maintenance of high levels of filing compliance in the higher tiers.

14.26 In response, Revenue noted the comments relating to expanding its compliance reporting and stated that a new reporting infrastructure was being developed designed to enhance its capabilities in this area. In particular, it is intended to produce more detailed debt reports containing analyses of the debt both by case size and by age.

Emerging Risks

14.27 Since the onset of the economic and financial crisis that began in 2008 Irish GDP has decreased. In the 36 months to the end of 2010 it decreased by 19%. The State took a smaller share of this reduced level of national output in that net taxes and duties as a percentage of GDP decreased by 4% since end 2007.

14.28 The environment in which Revenue authorities operate is constantly changing. Some of these environmental factors contribute to increased collection risk. These include, increasing complexity and innovation in business structures, new financial products, e-commerce developments and changes in economic conditions¹²³. In addition, the risk of non-compliance increases in an economic downturn. In downturns, it is inevitable that a proportion of businesses will have losses or reduced profits. Behaviours that become more pronounced in recessions include non-reporting, under-reporting, illicit claim refunds, tax withholding and resorting to the cash economy. The reduction in liquid assets also increases the likelihood of businesses delaying the payover of fiduciary taxes¹²⁴ they are obliged to collect under legislation and of using them as a source of short-term funding.

Revenue Response to Shadow Economy

14.29 The shadow economy comprises all economic activities that would have been taxable were they reported to revenue authorities. It includes both criminal activity and unreported legal activities. Ireland's underground economy which has been provisionally estimated at 13% is broadly in line with the OECD average of 14%¹²⁵. Unreported tax relating to those activities comprises two main elements

- unregistered businesses and activities not captured on Revenue's systems
- registered businesses who do not remit their full share of taxes.

¹²³ Compliance Risk Management Guide, 2010, European Commission Directorate General Taxation and Customs Union.

¹²⁴ The fiduciary taxes are VAT, PAYE/PRSI and Relevant Contracts Tax and are collected by businesses on behalf of Revenue and held in trust until paid to Revenue.

¹²⁵ The Influence of the Economic Crisis on the Underground Economy in Germany and other OECD countries in 2010: A (further) increase, Friedrich Schneider, January 2010.

14.30 In response to my inquiries the Accounting Officer stated that, with the downturn in the economy, an increasing focus for Revenue is on the shadow economy. The shadow economy ranges from the under-reporting of sales and profits by businesses within the system to business activity taking place outside the system, often by those who are also on social welfare.

14.31 She stated that each Revenue region and district has a focus on businesses operating outside the system. In 2010, additional business registrations amounted to just over 4,500. Measures taken include projects to identify cases not on record with significant deposit interest and high value vehicles. Projects undertaken are often in co-operation with the Department of Social Protection, the National Employment Rights Authority and the Gardaí. Revenue carried out town/streetscape operations, visits to construction sites where a single house is being built and visits to markets.

14.32 In regard to its monitoring of the environment the Accounting Officer informed me that Economic Outlook reports prepared for its management consider the macro-economic environment on a regular basis as well as examine economic indicators related to the performance of individual taxheads. The analysis that has been carried out to date indicates that reductions in the various taxes are generally consistent with the decline in overall economic performance. The influences on the various taxes are complex and multifaceted and although there is, in general, a broad consistency in the direction in which yields move, there are discrepancies in their comparative movements.

14.33 An approach of specific value in addressing shadow economy issues is the on-going identification of cases which are not on Revenue's PAYE or Income Tax database but have indicators of economic activity identified from third party data. This third party data would include asset purchases and suspicious transactions.

Non-Compliance Patterns – General Features

14.34 From an historic context, Ireland has attempted to address non-compliance which was a major concern until the late 1990s through a combination of tax amnesties and follow-up investigations.

14.35 Tax amnesties in 1988 and 1993 yielded €988 million. A condition of the amnesties was that taxpayers who availed of them would make full and total disclosure of their liabilities. Notwithstanding this, it was found in the course of follow-up investigations that taxpayers continued to shelter income from the Revenue authorities sometimes with the aid of agents.

14.36 The investigations to date have centred around taxable income held as assets by way of

- domestic bank deposits
- foreign bank deposits
- single premium insurance schemes
- discretionary trusts combined with foreign bank deposits.

14.37 The capacity to address evasion that used these methods was limited because, in general, the assets and underlying income were outside Revenue's line of sight due to

- lack of power to compel disclosure by agents of the taxpayers,
- lack of audit powers to confirm agent compliance and
- absence of rights to seek court orders in relevant cases.

14.38 Overall, despite amnesties, over €2.65 billion has been recovered in these subsequent targeted investigations. This compares with the yield from audit and assurance in the same period of €2.9 billion¹²⁶. Features of the drives included, in most cases, the enactment of legislation to strengthen the information flow to Revenue and give it inspection rights.

14.39 The Accounting Officer summarised the general lessons learned from Revenue's special investigations as follows

- Weak Revenue powers will be exploited.
- Access to third party information is essential to effective tax administration. Revenue now receives a very broad range of third party information automatically.
- Powers to apply to the Courts for a class or classes of information is very useful especially when that information covers past years.
- Public awareness that Revenue has powers and access to information, and will use them, is an important deterrent. In the context of the special investigations, once Revenue showed that it would use its new powers to get information and that it would then use the information, the rate of engagement with Revenue under the Voluntary Disclosure phases of subsequent investigations increased.
- It was unlikely that the scale of the investments and use of structures could have been achieved without the active encouragement of professional advisers and, on the offshore aspect of tax evasion, it is clear that most taxpayers do not transfer funds offshore without help. Using legislation to place reporting responsibilities on advisers and intermediaries at the stage where certain structures are being put in place may be a useful deterrent.
- Revenue's capability in terms of skills and capacity to confront are critical, as well as a capacity to handle and analyse large volumes of sometimes complex data safely, efficiently and intelligently. Public awareness of Revenue's activities and results is an important factor.
- Because the special investigations covered a broad span of years, the experience suggests that while the prevalence and level of tax evasion can be influenced by varying positive or negative economic factors, it is reasonable to conclude that there exists a predisposition to tax evasion that is inelastic in respect of these forces.

Non-Compliance Patterns – Audit Results

14.40 At the level of general compliance deliberate underdeclaration continues to be a feature of taxpayer behaviour. Information collected during the random audit programme provides useful insights into the client behaviours which gave rise to the underdeclaration. These can include, intentional underdeclaration by the taxpayer, incorrect technical treatment of a particular issue or lack of knowledge.

14.41 As noted earlier (see Figure 71) around one-third of all taxpayers who are randomly audited are found to owe some additional tax. In the course of audit 27 cases were examined where the Revenue audit had established additional liabilities under the 2009 Random Audit Programme. The audit sought to categorise the behaviour which gave rise to the underdeclaration. The results are set out in Figure 77.

¹²⁶ This includes the yield from all audits conducted (excluding special investigations) in the period 1998 to 2010.

Figure 77 Taxpayer Behaviour and Non-Compliance - 2009 Random Audit Programme

Number of cases	
Deliberate behaviour	9
Careless behaviour with significant tax consequences	12
Careless behaviour without significant tax consequences	6
Total	27

14.42 The examination found that one third of cases displayed characteristics associated with deliberate behaviour including

- omissions of casual workers from PREM¹²⁷ returns
- claiming significant non eligible personal expenditure in respect of Income Tax
- failing to make returns with respect to Capital Gains Tax liabilities
- not holding a valid Relevant Contracts Tax payments card when making payments to a Subcontractor with a valid C2 certificate
- claiming a Section 23 relief¹²⁸ when not eligible
- invoices not issued in respect of income received.

Conclusion - Non-Compliance Patterns

Since economic activity and, therefore, the business environment in which Revenue operates is cyclical there may be lessons from taxpayer behaviours and system failures during previous downturns.

Historically the behaviour on the part of taxpayers and their agents that gave rise to the evasion and avoidance that led to the special investigations suggests

- amnesties did not induce complete and accurate disclosure on the part of all taxpayers
- taxpayers will evade tax in instances where Revenue do not have a clear line of sight in terms of audit rights
- agents may facilitate evasion either through the misclassification of taxpayers status (e.g. classifying residents as non-resident) or through the creation of schemes designed to accommodate taxpayers seeking to conceal untaxed income.

Around one-third of a sample of random audit cases that yielded additional tax were found to have been the result of apparently deliberate non-compliance. Revenue should consider a comprehensive analysis of the cause of identified underdeclaration so as to inform its compliance drives.

¹²⁷ PREM is employers PAYE/PRSI.

¹²⁸ Section 23 Relief is a tax relief that applies to rented residential property in a tax incentive area. It is available to a person who has incurred expenditure on the purchase, construction, conversion or refurbishment of a qualifying property and who lets that property, having complied with certain conditions.

14.43 While most of the methods used to facilitate avoidance or evasion were relatively simple in concept the risk is that, given the experience of amnesty administration and follow up investigations, more complex financial instruments and structures may be created with a view to achieving the same ends.

14.44 The Accounting Officer stated that a close examination is required to understand the true nature of complex structures so that risks can be identified and remedial action proposed. She noted that Revenue has secured High Court orders which are giving it access to information going back ten years in relation to transfers from Irish clearing banks to and from five foreign jurisdictions. Section 896A of the Finance (No. 2) Act 2008 now imposes a reporting obligation on professional advisers and financial institutions regarding settlements involving Irish settlors and non-resident trustees. She added that a further new provision, Section 149 of the Finance Act 2010 requires practitioners to tell Revenue if they promote or use certain transactions that will, or are intended to, provide the user with a tax advantage. Revenue is also getting information from the National Asset Management Agency.

Conclusion

The effectiveness of the Revenue collection process is impacted upon by both the efficiency of its systems and the behaviours of taxpayers within the current economic environment. This chapter focused on some aspects of taxpayer behaviour and the tax collection environment.

Since the onset of the economic and financial crisis that began in 2008 Irish GDP has decreased. In the 36 months to the end of 2010 it decreased by 19%. The State took a smaller share of this reduced level of national output in that net taxes and duties as a percentage of GDP decreased by 4% since end 2007.

While this reduction is ascribed to the impact of a decline in the construction and property sectors there would be merit in attempting to analyse the key elements that contributed to the reduction so as to ensure that any compliance response is focused.

A positive feature of performance is the maintenance of high levels of filing compliance in the higher tax tiers.

A key means of gauging taxpayer compliance is through random sampling. Revenue's Random Audit Programme has the potential to yield significant information that would inform its compliance strategy by

- giving an indication of the tax gap and taxpayer compliance rates
- helping to identify the impact and incidence of non-compliance by taxhead
- identifying sectors where greater amounts of tax are at risk.

Revenue does not currently carry out this type of analysis.

Revenue needs to address its capacity to capture and report payment compliance across all major taxheads and report results consistently. The measures it currently reports are based on a count of returns in defined categories. This needs to be supplemented with information on debt by case size. Both the amount of credit and the period of credit taken by taxpayers needs to be kept under review.

Up to one-third of a sample of random audit cases that yielded additional tax were found to have been the result of apparently deliberate non-compliance. Revenue should consider a comprehensive analysis of the cause of identified underdeclaration so as to inform its compliance drives.