

## **End-July 2010 Exchequer Returns Information Note**

- The Exchequer deficit at end-July 2010 is €10.2 billion. This compares to an Exchequer deficit of €16.4 billion in the period to end-July 2009. In overall terms, this is generally in line with Department of Finance expectations and the Budget Day targets for 2010 remain valid.
- The year-on-year difference in the Exchequer deficit is primarily explained by €3 billion payments to both the National Pensions Reserve Fund (NPRF) and to Anglo Irish Bank which were made in 2009.
- Tax revenues are just over €1.5 billion or 8.2% below the corresponding period in 2009. Net voted expenditure is just over €1.9 billion or 7% lower.

### **Tax Revenue**

- In total, just under €17.2 billion in tax receipts were collected in the first seven months of the year. This is €247 million or 1.4% below target.
- 3 of the “Big 4” tax-heads – VAT, corporation tax and excise duties – performed to expectations in the first seven months of the year. While the fourth – income tax – remains behind target at end-July, it is important to note that it came in ahead of its monthly target for July.
- As envisaged, the year-on-year rate of decline in tax revenues has been easing since end-2009, and taxes at end-July are 8.2% below the same period in 2009.
- The Budget Day forecast for tax revenues of just over €31 billion in 2010, or a year-on-year decline of 6%, remains achievable although there are significant targets to meet in the months ahead, particularly in the last quarter of the year and taxes will continue to be closely monitored.

### **Voted Expenditure**

- At end-July, total net voted expenditure at some €25.4 billion is just over €1.9 billion or 7% below the same period in 2009. This year-on-year decline is largely the result of expenditure control decisions taken by Government.
- At end-July, net voted current expenditure is on target at €23.2 billion. It is €695 million or 2.9% below the corresponding period in 2009.
- Net voted capital expenditure at end-July, at €2.2 billion, is down some €1.2 billion or 35% year-on-year. It is €660 million or 23% below target. A significant proportion of this shortfall is due to timing and operational issues and it is anticipated that capital expenditure will pick up in the latter part of the year.
- The recently launched Capital Expenditure Review, the aim of which is to give Departments and State agencies a firm and stable framework to plan and deliver capital investment priorities, sets out infrastructure investment priorities for the years 2010-2016 and the expenditure allocations underpinning this investment.