

Exchequer Returns end-August 2015

Information Note

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An Roinn Airgeadais
Department of Finance

Summary

- End-August 2015 saw the Exchequer record a deficit of €1,291 million compared to a deficit of €6,332 million in the same period last year.
- The improvement in the Exchequer balance is driven by increased tax, non-tax receipts, reduced expenditure and a number of one off transactions. Without the one off transactions the improvement in the deficit would be c. €3.5 billion.

Revenue

- Tax revenue of €27,344 million was collected to end-August 2015. This represents a year-on-year increase of €2,430 million (9.8%) and is €1,399 million (5.4%) above profile. Tax receipts for the month of August were €507 million (22.0%) above profile.
- Income tax receipts of €11,222 million were collected to end-August 2015, a year-on-year increase of €639 million or 6.0%, and is €146 million (1.3%) above profile. This solid performance is consistent with the recovering labour market, solid employment growth and increases in the average weekly earnings as evidenced by the latest QNHS and the recent earnings release. For the month of August, income tax was €125 million or 9.4% above profile.
- The first eight months of the year saw VAT receipts of €7,960 million collected which represents an increase of €583 million or 7.9%, when compared to the corresponding period last year and is €107 million (1.4%) above profile. August is a non-due VAT month and receipts for the month of €293 million were €28 million (10.6%) above profile.
- Corporation tax receipts to end-August were €3,288 million, which equates to a €907 million (38.1%) increase when compared to the same period last year and is €912 million (38.4%) above profile. The over-performance in the year to date primarily relates to improved trading.
- Excise Duties totalled €3,389 million to end-August, representing a year-on-year increase of approximately €223 million (7.1%) and is slightly above profile (up €24 million or 0.7%). Excise receipts for the month of August amounted to €465 million, which were €17 million (3.8%) above profile.
- €651 million was collected in Stamp Duties receipts to end-August, up €4 million (0.7%) year-on-year and up €86 million (15.2%) against profile. For the month, stamp duties were €70 million (113.9%) above profile
- LPT receipts to end-August amounted to €345 million, which is €5 million (1.5%) above profile.
- Of the remaining smaller tax heads, CGT, CAT and customs combined were cumulatively above profile at end-August, recording a combined excess of €67 million (18.2%).

Non-tax revenue

- **Non-tax revenues** of €2,491 million at end-August, were up €292 million (13.3%) in year-on-year terms. The primary reason for this is the increase in the surplus income from the Central Bank of €497 million offsetting a decrease in dividends and fees received under the ELG scheme.

Capital receipts

- **Capital receipts** at end-August of €5,800 million, were up €1,722 million (42.2%) 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 and the sale of the PTSB contingent capital note and the receipt of proceeds from the sale of shares in PTSB.

Expenditure

Voted Expenditure¹

- Overall **net voted expenditure** for end-August 2015, at €27,376 million, was 1.1% or €297 million below profile and €130 million (0.5%) lower in year-on-year terms.
- **Net voted current expenditure** at €25,839 million to end-August 2015, was down €231 million (0.9%) against profile and €326 million or 1.2% lower than the same period last year.
- **Net voted capital expenditure** at end-August 2015 amounted to €1,538 million, which is €66 million (4.1%) below profile of €1,604 million but up €196 million or 14.6% when compared to the same period last year.
- **Gross voted expenditure** at €34,443 million was €107 million (0.3%) below profile of which €30 million (0.1%) arises on the current side. The capital side is €78 million (4.6%) below profile.

Non-voted expenditure

- **Non-voted capital expenditure** of €3,233 million to end-August 2015, was down €148 million (4.4%) year-on-year. This is a combination of a reduction in short-term loans to the Social Insurance Fund and that the final contribution to the European Stability Mechanism was made in 2014. These reductions in expenditure were offset by an Exchequer payment to Local Authorities to assist in the repayment of water related loans from the Housing Finance Agency.
- **Non-voted current expenditure**, excluding debt servicing costs, stood at €1,707 million to end-August 2015, compared to €1,733 million for the same period last year.

Debt Servicing Costs

- Total Exchequer debt servicing costs at end-August 2015 were €4,609 million. On a like-for-like basis – that is excluding the sinking fund contribution from 2014 – this represents a year-on-year decrease of €293 million or 6.0%, largely reflecting the impact of the early loan repayments to the IMF. Interest expenditure at end-August 2015, at €4,524 million was €396 million, 8.1% below profile. This is primarily due to lower than expected costs on bond issuance completed so far this year as well as the faster pace of early repayment of the full portion of IMF loans, which were subject to the higher rate of interest.

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.