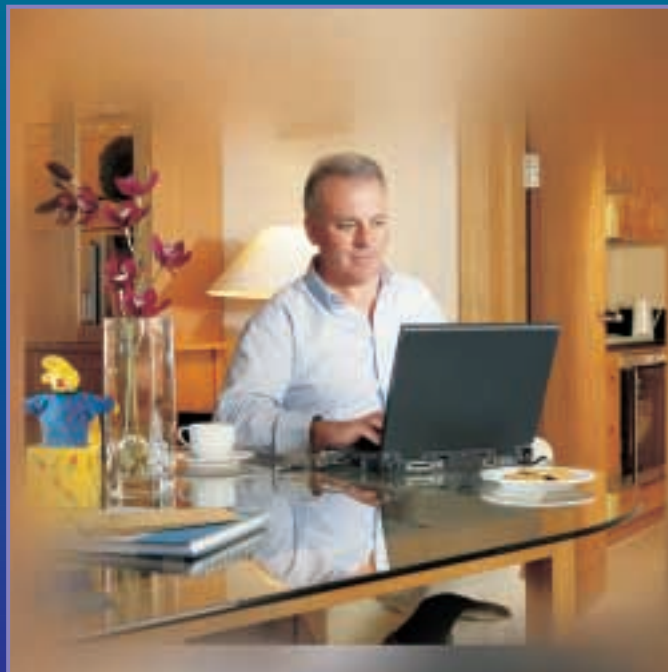


## INTRODUCTION

The collection of taxes on behalf of governments dates as far back as the earliest recorded history. The Egyptian Pharaohs had tax collectors called *scribes* who even imposed a tax on cooking oil. The Athenians of ancient Greece imposed taxes to help finance their military campaigns while the Roman emperor, Caesar Augustus, was considered a brilliant tax strategist. He levied taxes on imports, exports and even inheritances up to 2000 years ago.

Over the course of history to modern times, governments have modified and expanded the range of taxes, but they still remain a part of our lives. Indeed Benjamin Franklin once declared that **“the only certainties in this life are death and taxes”**. The Irish experience of taxes since declaring our independence has been similar to most of our neighbours

As a nation we sub-contract the collection of taxes to the Office of the Revenue Commissioners (Revenue). The objective of this study is to outline the development of Revenue from its foundation in 1923, and to look at some current issues and developments affecting the organisation.



## REVENUE THROUGH THE YEARS

The Office of the Revenue Commissioners was established on February 21st 1923 to administer tax collection in the new State. The intervening years have seen the role of the Office expanded to such a degree that during the lifetime of the current corporate plan the Office will collect gross revenues in excess of £60 billion. These revenues will fund a corresponding amount of Government expenditure on social and other services for the community's benefit. The range of activities which need careful management by Revenue extends to:

- collecting and managing taxes and excise duties that account for over 90% of Exchequer revenue
- administering the custom's regime for the control of imports and exports and collection of duties and levies on behalf of the EU
- working in co-operation with other State Agencies in the fight against drugs and in other cross departmental initiatives
- carrying out agency work for other departments, including the collection of PRSI for the Department of Social Community and Family Affairs
- giving policy advice in areas where Revenue has a responsibility and expertise.

## TAX POLICY AND LEGISLATION

The Department of Finance and ultimately the Government are, of course, responsible for deciding the tax policy which Revenue implements. Revenue assists in policy formulation by providing soundly based advice and by recommending changes on the basis of the Office's expertise in tax matters and its experience in administering the tax code. Revenue provides input to the Tax Strategy Group (TSG) on the likely consequences of policy changes. The TSG is an interdepartmental committee chaired by a senior official of the Department of Finance. The TSG has responsibility for examining and developing proposals for the Budget and Finance Bill.

In its advisory role Revenue advocates changes that can be managed effectively, which promote simplification and which facilitate voluntary compliance and minimise costs of compliance and administration. This requires Revenue to have a sound appreciation of commercial realities.

An analysis, which is as reliable as possible, of tax collection and revenue yield is produced. This is a critical area of the Office's work.

Revenue has a direct involvement in the implementation of the Budget. The Budget is debated in the Dáil in the weeks following its presentation. The Budget changes are given legal effect through the Finance Bill and the Social Welfare Bill which are voted upon in the Dáil. Revenue drafts the annual Finance Bill (and other legislation as required) in which the Office seeks to put in place a clear, precise and effective body of tax law based on the policy decisions made by the Minister for Finance and the Government. Revenue briefs the Minister during the legislative process in the Oireachtas.

Revenue also plays an important role in the development of tax and customs policies at international level including the EU and the OECD.

## REVENUE HOME AND ABROAD

Revenue's management of its strategic role in collecting taxes requires significant planning to take account of developments, not only on a European scale but also on the technological front. This strategic planning will ensure that senior management can organise resources and control project implementation.

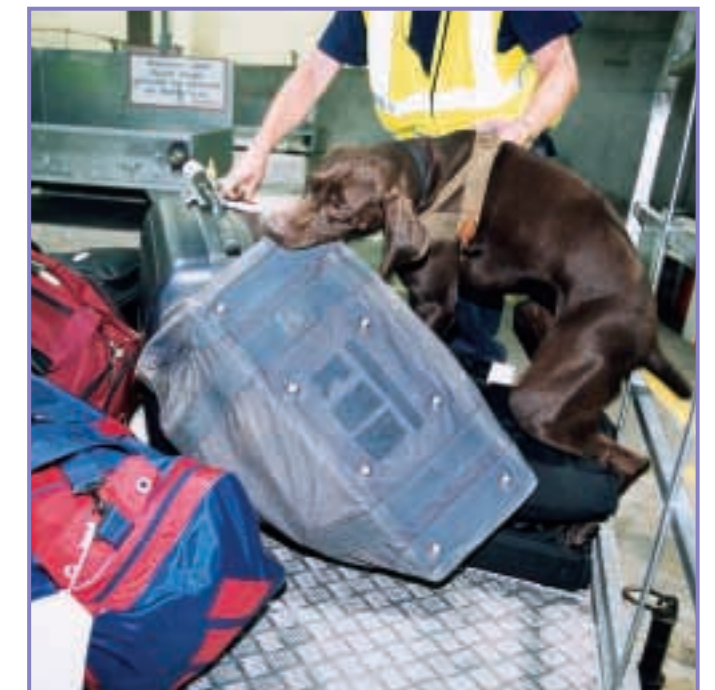
Revenue, like all Departments, operates according to the resources made available to it by Government. It has some 6,500 staff spread over its 130 offices countrywide. This geographical spread gives Revenue the ability to deal with people in their own locality and fits in nicely with its managerial objective of providing an efficient service to its customers.



National Infrastructure Development.

## REVENUE AND THE EU

While Revenue's early years were influenced largely by the development of the new fledgling State, recent times have seen significant focus on European matters. Revenue has actively participated in EU discussions and in programmes for closer co-operation with Member States. One such initiative, the Mattheaus Customs and Taxes Programmes, while laying the ground rules for common EU training of tax and customs officials, also initiated exchange visits between Revenue officials of the Member States. Other EU sponsored programmes saw Irish Revenue officials providing their expertise to developing countries including Mongolia, Moldova and Uzbekistan.



Jake from the Fight Against Drugs Section.

## REVENUE AND THE BATTLE AGAINST DRUGS

Revenue has been very much to the forefront in the battle against drugs. In the aftermath of the tragic death of journalist Veronica Guerin Revenue played a significant part in the inter-departmental discussions that set up the **Criminal Assets Bureau (CAB)** in 1996. Revenue prepared the legislation to set up the Bureau and Tax and Customs officials work with Gardaí and others on the CAB team. While many Revenue officials travel in the course of their duties, this is not confined to two-legged officials. The famous Jake, who was dognapped from Rosslare and later found alive and well, received a gold medal for his efforts at an award ceremony in London.

## REVENUE AND THE E-REVOLUTION

Like most other organisations the Revenue Commissioners engage in long term strategic planning. The most recent strategy statement "Meeting the Challenge of Change" saw the organisation recognise the need for adapting in a rapidly changing public sector environment. One area where it saw itself having to be proactive was in the area of e-commerce and rapidly changing technology.

Revenue had a long history of making the most of technology to improve the service offered to taxpayers. The latest example of this is the ground breaking **Revenue On-Line Service (ROS)**. This service, now the flagship project of the wider e-Government programme, was launched in September 2000. It offers a range of services to the business community via the internet, including return filing, tax payment and access by taxpayers to tax information held in Revenue. By October 2001 more than 31,000 returns had been delivered through ROS and almost £1.2 billion paid through it. Revenue's commitment to having the best technology available can be demonstrated by the fact that out of their administration budget of £200 million they currently spend approximately 10% on Information and Telecommunications technology. (For more information see the panel)

### TAX ISSUES ARISING FROM E-COMMERCE

The internet poses many challenges with regard to administering the tax system. With the growth in the use of the internet for business communications, administration and record-keeping, challenges and opportunities are presented to Revenue. The challenges facing Revenue include protecting the tax yield in this new environment where transactions can be carried out in a new way. The benefits for Revenue include being able to use these new technologies to manage tax administration in an even more efficient and effective way, as in ROS.



e-Government.

Some countries including Ireland have regulations to allow electronic invoices (e-invoices) to be used in the home market. Many large firms use secure private computer networks to connect their suppliers to them. Those generally operate using agreed standards for this kind of **electronic data interchange (EDI)**. Ordering, delivery, stock control and invoicing can all be handled using EDI. Revenue has to facilitate these transactions.



The Revenue On-line Service.

## TAXPAYERS' CHARTER OF RIGHTS

Revenue's mission is to serve the community by fairly and efficiently collecting taxes and duties and implementing import and export controls. This means that Revenue will endeavour to carry out its duties considerately and in doing so will:

- presume that taxpayers deal with their tax affairs honestly unless there is reason to believe to the contrary. This is also subject to Revenue's responsibility for ensuring compliance with the law.
- make every reasonable effort to give taxpayers access to full, accurate and timely information about revenue law, entitlements and obligations. In return Revenue staff are entitled to expect that taxpayers will give them all the facts and the full co-operation which they will need to deal with taxpayers' affairs.
- deal impartially with taxpayers' affairs and seek to collect only the correct amount of tax or duty, no more and no less.
- treat the clients' personal and business information in strict confidence and use it only for purposes allowed by law
- facilitate taxpayers, who feel they have been incorrectly assessed for tax or duty, to a review. It should be noted that if the matter cannot be resolved satisfactorily by Revenue officials the taxpayer has the right in law to an independent review.



Offices of the Revenue Commissioners - Dublin Castle.

- keep the costs incurred in complying with Revenue law to a minimum subject to the need to carry out their functions effectively.
- administer the law consistently and apply it firmly to those who try to evade paying their lawful share.

By discharging their duties in as efficient and consistent a manner as possible, Revenue attempts to foster the highest degree of public confidence. At the same time this encourages **voluntary compliance** with revenue law and deters evasion and avoidance. Revenue facilitates an extensive process of consultation with customers to understand their needs with regard to compliance.

## CONCLUSION

Seventy-eight years on since its foundation it is clear that a core strength of Revenue as an organization has been its ability to be flexible and to respond to changes in its operating environment, changing demands from Government and changing expectations from its customers. It has successfully taken on new tasks, new taxes and new technologies. Along the way outmoded practices have been shed and others reformed. In the years to come the Revenue Commissioners feel certain that they can respond positively to the challenges that lie ahead and improve public confidence in the administration of the tax system.

## ROS – REVENUE ON-LINE SERVICE www.ros.ie

The Government is taking a leading role in encouraging electronic business and the development of the infrastructure for Internet trading. As part of this initiative Revenue developed Internet services that are of direct benefit to the majority of taxpayers. In fact the Revenue On-line System, which became known as ROS has become the "flagship" project in the wider e-Government programme. It is recognised as the key venture that started the actual delivery of e-Government services. Revenue has set a target of having 50% of tax returns filed over the Internet by the year 2005.

By using ROS customers:

- reduce the use of paper, and the time spent handling it, photocopying it and dispatching it
- avoid the need to write cheques for the payment of tax accounts
- complete simpler, user-friendly return forms that have as a feature some mandatory fields and data validation checks to safeguard against the input of errors on the part of the customer
- avoid duplication of effort. If tax returns and financial accounts are prepared using Third Party Software then it is possible to download the data straight into the electronic documents on ROS without the need to re-input
- access Revenue on a 24 hour, 365 day basis
- receive a speedier, secure and more accurate returns processing service
- use their business hours more effectively and efficiently.

The existing paper based filing system will of course remain an option.

The following are some of the benefits of ROS:

- **Faster processing** - Returns are processed on a nightly basis.
- **Improved accuracy** - Before Revenue accepts a return for processing, ROS will perform a series of computer checks and balances on the return. This process ensures a greater degree of accuracy than can be guaranteed when paper returns are used.
- **Acknowledgments** - ROS sends electronic acknowledgments to customers to inform them that their return has been received.
- **Paperless** - With very few exceptions, ROS is an environmentally friendly, paperless system.
- **Ease of payment** - Individuals can file early, and pay the amount owing only when the due date for payment has arrived.

The access to Revenue account information provides customers with access to Revenue information 7 days a week outside business hours and reduces considerably the number of contacts with the tax office.

A demonstration of ROS can be seen at [www.revenue.ie](http://www.revenue.ie)

## TASKS AND ACTIVITIES

1. Define the following terms
  - a) E-invoice
  - b) E-commerce
  - c) EDI
2. Demonstrate, from your reading of this study or otherwise, the increasing role of information technology in the operation of the Irish Revenue Commissioners.
3. Describe how through its Charter of Rights the Revenue Commissioners adopt a co-operative relationship with one of its stakeholders, the taxpayer.
4. Outline the role of Revenue in the preparation of the Budget and Finance Act.

[www.revenue.ie](http://www.revenue.ie)  
[www.ros.ie](http://www.ros.ie)