Corporation Tax
2019 Payments and 2018 Returns

This report is the latest in a series of annual papers by Revenue on Corporation Tax ("CT") payments and tax returns.

2019 Payments

19%

CT is the third largest tax-head, representing 19% of net tax receipts in 2019

Net Receipts €m

2019 €10,887
2018 €10,387
2017 €8,201

Who's Paying?

Net Receipts are **concentrated** in the **top 100** companies:

Top 10: 40% of net receipts
Top 100: 70% of net receipts

Type of Corporate?

Foreign Multinational	77%
Irish Multinational	7%
Non-Multinational	16%

CT returns filed by companies after each tax year end. Returns for 2018 (the most recent year currently available) provide the detailed data on factors underlying CT receipts.

2018 Returns

CT1

168,600 CT1 Returns
95,500 Positive Profit
71,700 Profit liable to CT

Trading Income

€182.7bn taxable trading profit reported in 2018

Non-Trading Income	**€9,151m**
Net Dividend Income	€4,451m
Capital Gains	€264m

90% concentration in five sectors

- Manufacturing
- Financial and Insurance
- Admin & Support Services
- Information & Communication
- Wholesale & Retail

Effective Rate:

All Companies 10.6%
Foreign Multinationals 11.6%
Irish Multinationals 9.2%
Non-Multinational 7.4%

Losses forward 2018 €211bn ↓ 1% on 2017

90% relate to companies claiming losses forward for > **5yrs**

Intangible Assets

€45,365m claimed

Foreign Multinationals 98%

R&D

Cost:

2016	€670m
2017	€448m
2018	€355m

<10 KDB claimants 2018
Cost €9m

Employment:

Foreign Multinationals are
Responsible for **27% of employments**
& Account for **44% of employment taxes**

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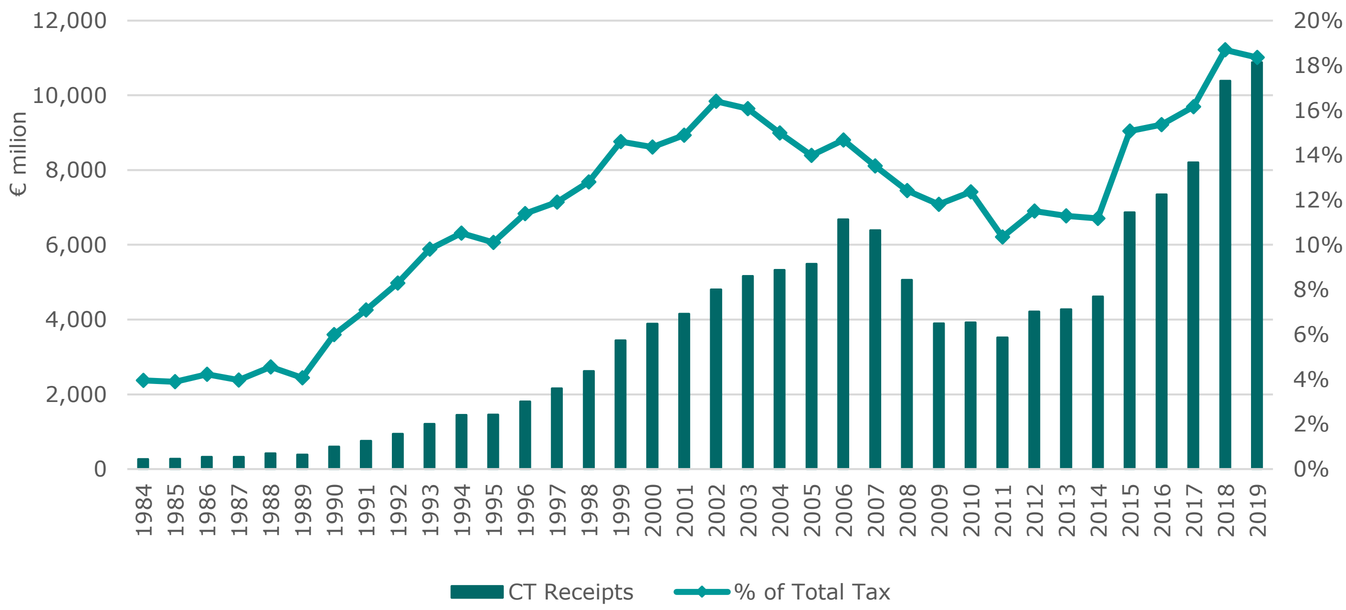
1 Introduction

This report is the latest in a series of annual papers by Revenue on Corporation Tax ("CT").[1] CT is the third largest taxhead, with €10.9 billion in net receipts in 2019 and accounting for 19 per cent of total tax receipts in that year.

Figure 1: Corporation Tax Receipts



Source: Revenue analysis. Note: Based on Exchequer receipts of CT.

CT payments received in 2019 are mainly in respect of accounting periods ended in 2019. The associated Corporation Tax returns for 2019 (the "CT1" return) are not due until nine months after the end of the accounting period, which is in the latter half of 2020 in most cases. However, analysis of returns for 2018 (the most recent year for which returns have been filed at present) provides context for the payments.

Section 2 profiles CT payments in 2019 and changes compared to 2018. In Section 3, returns for 2018 are reviewed to understand the activities of companies and the factors driving CT payments. Section 4 presents data on different company structures. Section 5 reviews employment and payroll data related to companies and Section 6 concludes.

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[1] Reports from previous years are published at: https://www.revenue.ie/en/corporate/information-about-revenue/research/research-reports/corporation-tax-and-international.aspx.

2 Corporation Tax Payments in 2019

2.1 Overview

Net CT receipts in 2019 (i.e., tax paid during the calendar year 2019 regardless of the tax year to which it relates) were €10.9 billion. This exceeded receipts in 2018 by €0.5 billion (4.8 per cent) and the forecast by €1.4 billion (14.8 per cent).

Table 1 shows net and gross CT receipts by the calendar year in which the payments are received. Shown in the final column are the liabilities by reference to the tax year.

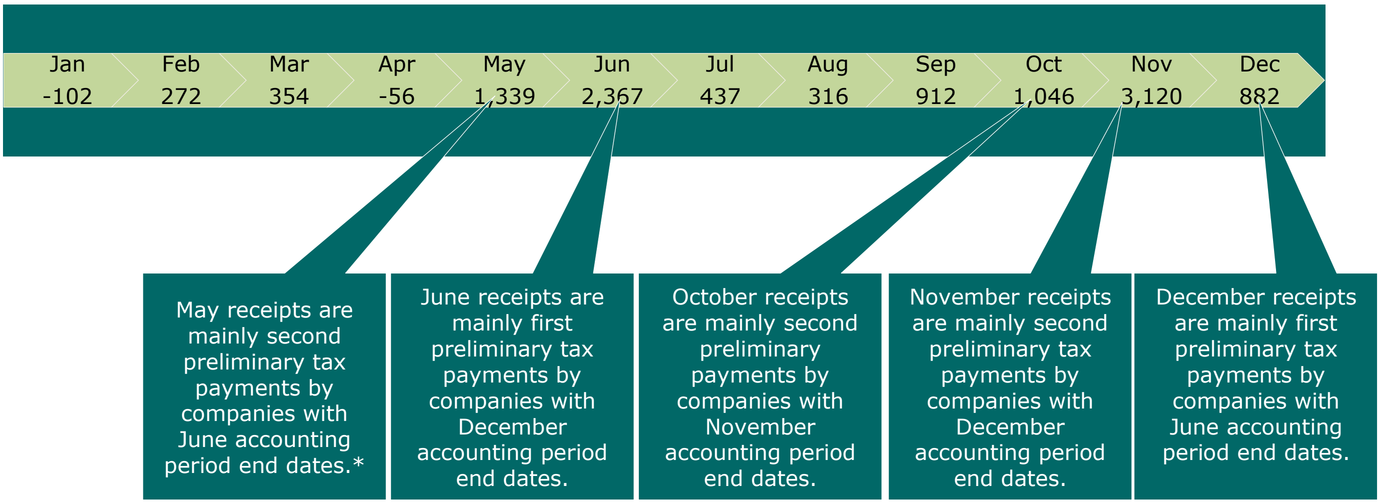
Table 1: Receipts and Liabilities

Year	Gross Receipts €m	Net Receipts €m	CT Liability for Tax Year €m
2017	9,347	8,201	8,093
2018	11,442	10,387	10,211
2019	12,337	10,887	*

Source: Revenue analysis. Note: * not available until returns have been filed during 2020.

Figure 2 shows the €10.9 billion collected in 2019 by month and explains the factors behind the larger payment months. Dates for preliminary tax (due in the sixth and eleventh months of the accounting year for large payers) and accounting period end dates are key drivers of the main payment months. Around 54 per cent of taxpaying companies have January to December accounting periods, followed by 7.7 per cent with July to June and 6.3 per cent April to March.

Figure 2: Net Receipts by Month in 2019 (€ million)

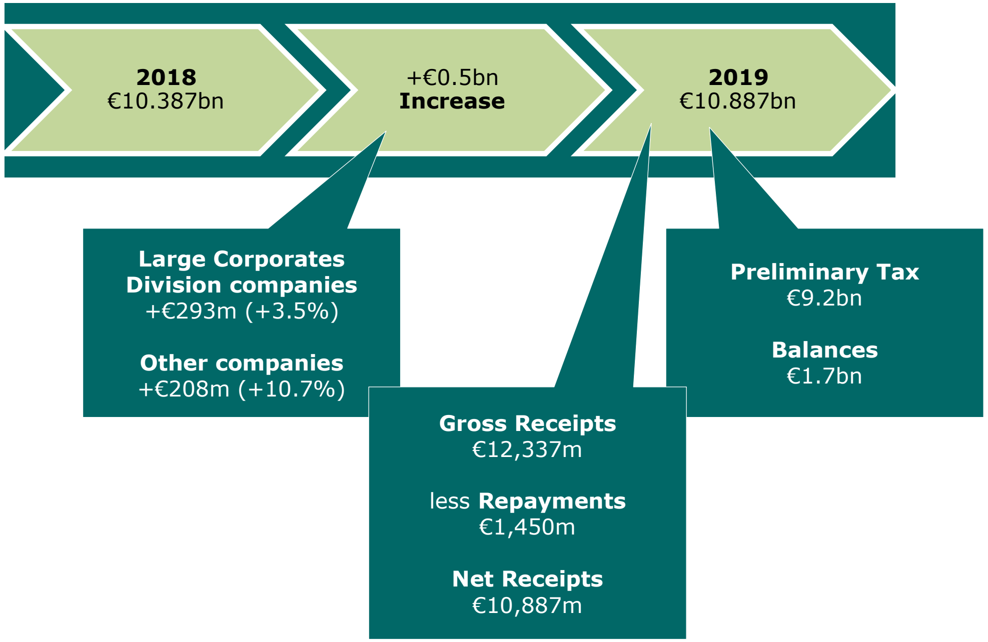


Source: Revenue analysis. Note: *Also includes some first preliminary payments for November end companies.

2.2 Sectors

Figure 3 provides a summary of 2019 receipts by sector. As in previous years the sector with the largest payments was *Manufacturing* (27 per cent of net receipts). This was followed by the *Financial & Insurance* and *Information & Communication* sectors.

Figure 3: Net Receipts in 2019



Sector	2019	+/- 2018
Manufacturing	€2,917m	-€302m
Financial & Insurance Activities	€2,478m	+€372m
Wholesale & Retail Trade	€1,861m	+€1,093m
Administrative & Support Services	€1,167m	+€395m
Information & Communication	€1,120m	-€975m
Professional, Scientific & Technical Activities	€357m	+€16m
Construction	€336m	+€74m
Transportation & Storage	€160m	-€123m
Real Estate Activities	€151m	+€22m
Accommodation & Food Services	€118m	-€1m
Mining, Quarrying & Utilities	€100m	-€49m
Other Sectors	€77m	+€10m
Agriculture, Forestry & Fishing	€46m	-€31m
All Sectors	**€10,887m**	**+€500m**

Concentration of Payments

Top 10 Companies

€4,390m net receipts

40% of net receipts

Top 100 Companies

€7,622m net receipts

70% of net receipts

Top 10 Groups*

€4,687m net receipts

43% of net receipts

Large Corporates Division Companies

€8,746m net receipts

80% of net receipts

**Individual companies or affiliates that are members of the same corporate entity grouped together.*

Ownership

Non Multinational Companies

€1,740m net receipts

16% of net receipts

Irish Owned Multinationals

€807m net receipts

7% of net receipts

Foreign Owned Multinationals

€8,341m net receipts

77% of net receipts

Source: Revenue analysis.

2.3 Concentration

Figure 3 also shows a series of indicators of the degree of concentration of payments.

Revenue's Large Corporates Division ("LCD") has responsibility for managing the tax affairs of the largest taxpayers. Net CT receipts from LCD companies in 2019 increased by €293 million (3 per cent) to €8.7 billion. These accounted for 80 per cent of net receipts.[2] This percentage has been relatively stable in recent years. Net receipts from non-LCD companies increased by €208 million compared with 2018, at a faster rate (11 per cent) than LCD companies.

Net receipts from the 10 largest payers in 2019 were €4,390 million or 40 per cent of net CT receipts, down from 45 per cent in 2018.[3] Table 2 and Table 3 present alternative views of the top 10 over time. It is indicative of the change in the composition of the top 10 but also the volatility in CT receipts from year to year, in part explaining the difficulty in forecasting for this tax.

Table 2: Receipts from Top 10 Companies

Year	Gross Receipts		Net Receipts	
	Amount €m	% of Gross Receipts	Amount €m	% of Net Receipts
2009	1,397	27	1,345	35
2010	1,281	26	1,268	32
2011	1,379	30	1,378	39
2012	1,416	30	1,414	34
2013	1,553	31	1,551	36
2014	1,729	33	1,728	37
2015	2,801	37	2,798	41
2016	2,762	33	2,755	37
2017	3,268	35	3,230	39
2018	4,675	41	4,671	45
2019	4,564	40	4,390	40

Source: Revenue analysis.

Table 3: Receipts from Each Year's Top 10 Payers

€m	Net CT Paid In Year				
Top Ten in Year	**2015**	**2016**	**2017**	**2018**	**2019**
2015	2,798	2,314	2,246	3,325	2,704
2016	2,647	2,755	2,862	3,940	3,556
2017	2,334	2,306	3,230	4,258	3,948
2018	1,819	2,055	2,995	4,671	4,047
2019	2,423	2,407	3,037	4,364	4,390

% Net Receipts	Net CT Paid In Year				
Top Ten in Year	**2015**	**2016**	**2017**	**2018**	**2019**
2015	41	31	27	32	25
2016	39	37	35	38	32
2017	34	31	39	41	36
2018	27	28	36	45	37
2019	36	32	37	42	40

Source: Revenue analysis. Note: Central axis (shaded) matches the % for net receipts in Table 2.

[2] 11% of receipts were paid by companies in Revenue's Medium Enterprise Division and 9% in Business Division.
[3] 2018 was affected by a once-off change in accounting standards which led to additional receipts. If these were excluded the share of net receipts for the top 10 companies would have been 43% in 2018.

2.4 Ownership

Tax records do not provide a complete record of the 'nationality' (or country of ownership) of companies operating in Ireland. To address this, Revenue has compiled a new marker for companies tax resident in Ireland, distinguishing three categories: Irish owned multinational, foreign owned multinational and non-multinational.[4] This identifies 9,210 foreign owned multinationals and 2,130 Irish owned multinationals from the 167,536 companies active on Revenue records (filing returns for 2018).

Foreign owned multinationals paid €8,341 billion (77 per cent of net CT receipts), Irish owned multinationals €807 million (7.4 per cent) and non-multinationals €1.7 billion (16 per cent).

2.5 Number of Companies Paying Tax and Ranges of Payments

Almost 60,000 companies paid net CT in 2019, 8.3 per cent up on the previous year. The number of gross payers was 63,400, this is also higher than 2018 (up 8.7 per cent).

€817 million was paid in 2019 by 19,600 companies that did not pay CT in 2018. This was partly counterbalanced by €163 million paid by 14,200 companies in 2018 that did not pay CT in 2019.

Table 4: Number of Gross and Net Corporation Tax Payers

Year	Number of Gross Payers	Number of Net Payers*
2017	53,277	50,449
2018	58,293	55,368
2019	63,364	59,970
2019 Growth	**8.7%**	**8.3%**

Source: Revenue analysis. Note: * Does not include "refund only" cases.

Table 5: Ranges of Net Payment Amounts

Payment Amount	Number of Companies	Total CT Paid €m
1 - 40,000	50,585	359
40,001 - 60,000	2,511	114
60,001 - 80,000	1,360	88
80,001 - 100,000	865	72
100,001 - 200,000	2,020	266
200,001 - 500,000	1,323	390
500,001 - 1,000,000	570	371
1,000,001 - 5,000,000	490	983
5,000,001 - 10,000,000	104	679
Over 10,000,000	142	7,566
Total	**59,970**	**10,887**

Source: Revenue analysis.

Box 1 discusses the Country by Country reports filed by certain large multinational companies.

[4] A foreign owned multinational is defined here as a company that is ultimately owned abroad and operates in more than one country. An Irish owned multinational is a company that is ultimately owned in the Republic of Ireland and operates in more than one country.

Box 1: Country by Country Reporting

Country by Country ("CbC") reporting was developed as part of Action 13 of the OECD/G20 Base Erosion and Profit Shifting ("BEPS") Action Plan. CbC reporting requires certain multinational enterprises ("MNEs") to file a CbC report that provides a breakdown of the amount of revenue, profits, taxes and other indicators of economic activities for each tax jurisdiction in which the MNE group does business.

This box presents an introduction to the first CbC reports filed in Ireland for 2016, aligned to statistics submitted through a harmonised, aggregated process to the OECD for publication in 2020. For this process, the OECD asked for CbC reports with a fiscal year commencing 1 January 2016 to 30 June 2016 to be included.

Who Needs To File CbC Reports with Revenue

An Irish resident ultimate parent entity of a multinational group with worldwide revenue greater than €750 million in the previous accounting period has to file CbC reports from 1 January 2016. This information is exchanged with other tax authorities through specific automatic tax exchange agreements. Companies are required to make a notification of their obligation to file a report on or before the end of their accounting period. The actual report needs to be filed within 12 months of the end of their accounting period.

Some Definitions

Ultimate Parent Entity ("UPE") – This is the ultimate parent of the multinational group and responsible for filing the report in the first place.

- 45 CbC reports were received under this heading for the fiscal year 2016.

Surrogate Parent – Where the laws of the ultimate parent entity's country do not require that entity to file a CbC report, there is a secondary filing mechanism under which the MNE group can designate an Irish resident constituent entity to act as a "surrogate parent" and file a CbC report with Irish Revenue on behalf of the entire Group.

- 18 CbC reports were received under this heading for the fiscal year 2016.

Local Filer – If a UPE or surrogate parent of a MNE group is not filing the report or if there are issues with the automatic exchange of such reports (e.g., relevant jurisdiction has not concluded an agreement for the automatic exchange of the CbC reports, they have such an agreement but it has been suspended or they otherwise fail to exchange reports automatically), the report can be filed by a local filer (also known as "an equivalent CbC report").

- 7 CbC reports were received under this heading for the fiscal year 2016.

The total number of filers (UPEs, surrogate parents and local filers) is 70

Number of CbC reports – This is the number of reports filed in Ireland (i.e., each one represents the top level of a group) but excluding those of surrogate parents.

- 45 reports were received

Number of CBC Sub-groups – This is the number of subgroups associated with the reports filed in Ireland. These can be located in any country.

- 45 sub-groups in Ireland and 1,068 sub-groups in foreign jurisdictions

Number of CBC entities - This is the number of companies associated with the groups and sub-groups for the reports filed in Ireland. These can be located in any country.

- 1,703 entities in Ireland and 6,412 entities in foreign jurisdictions

Use of CbC reporting data

CbC reports can be used for high level transfer pricing risk assessment, assessing other BEPS related risks and economic or statistical analysis. The data can be used to identify taxpayers and arrangements that pose a potential tax risk (in the areas noted) but cannot generally be used for other purposes. The use of the reports for economic or statistical purposes relates to reports filed in Ireland. Reports filed in other jurisdictions and received in Ireland via Exchange of Information should not be used for economic or statistical analysis by Irish Revenue.

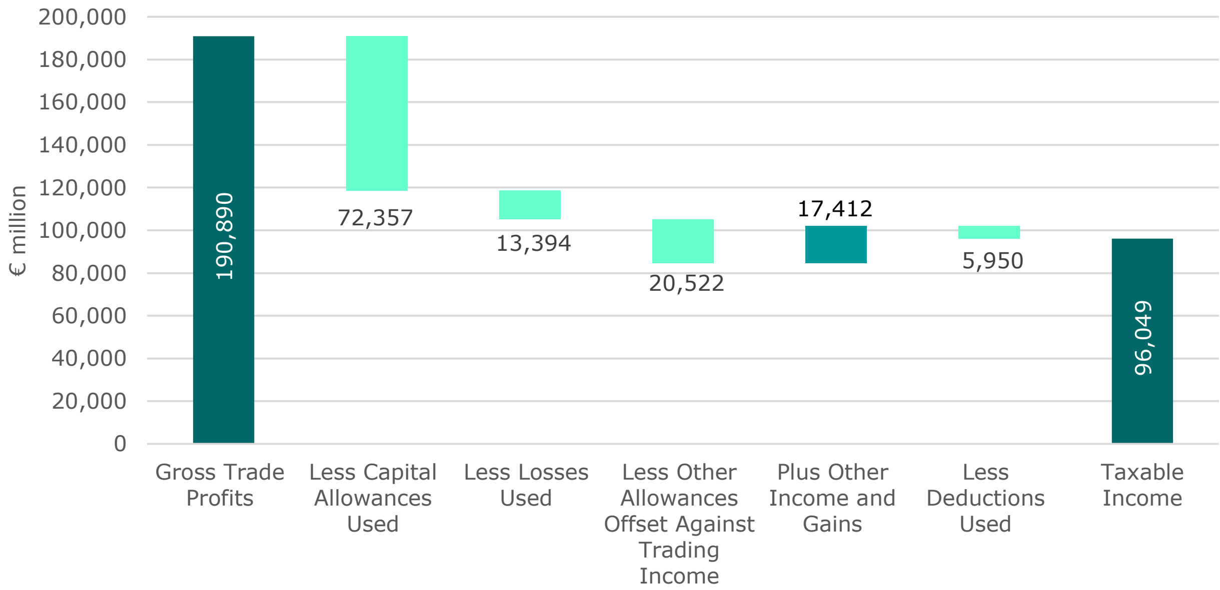
3 Corporation Tax Returns for 2018

As noted in the Introduction, CT1 returns in respect of accounting periods ended in 2019 (i.e., returns for the liability year 2019) are not due until late 2020. However, analysis of returns for 2018 provides context for the payments in 2019 (outlined in Section 2).

3.1 Profits

Figure 4 shows the summary, in aggregate for all companies, from gross profits of €191 billion declared to taxable income of €96 billion in 2018.

Figure 4: Gross Profits to Taxable Income 2018



Source: Revenue analysis. Note: Gross Trade Profits here includes balancing charges and excepted trade profit.

Over €182.7 billion of trading profits taxable at 12.5% was reported by companies in 2018 returns.[5] This is an increase of €23.7 billion on 2017 returns. As Table 6 shows, 90 per cent (€165.6 billion) of trading profits were attributed to five sectors: *Manufacturing*, *Financial & Insurance*, *Information & Communication*, *Wholesale & Retail Trade* and *Administrative & Support*.[6] The remaining 11 sectors accounted for the other 10 per cent.

The sector with the largest trading profits, *Manufacturing* (€80.4 billion), recorded a significant increase on 2017 returns. Much of this is due to a number of foreign owned multinationals. Large increases in trading profits were seen in *Financial & Insurance*, *Information & Communication* and *Wholesale & Retail* sectors, with much of the increases also due to the foreign multinational sector. Significant decreases were seen in the *Professional, Scientific & Technical activities* sector.

[5] Also included in the €191bn noted in Figure 4 are trading profits taxed at 25% (known as excepted trade profits) and balancing charges.
[6] The administrative & support services sector includes aircraft leasing.

Table 6: Trading Profits by Sector

Sector	Adjusted Profits €m *		Growth	
	2017	2018	€m	%
Manufacturing	65,543.27	80,352.91	14,809.64	22.60%
Financial & Insurance Activities	20,790.49	23,647.47	2,856.98	13.74%
Administrative & Support Services	20,437.37	20,716.78	279.41	1.37%
Information & Communication	19,371.00	24,363.65	4,992.65	25.77%
Wholesale & Retail Trade	12,969.00	16,491.99	3,522.99	27.16%
Professional, Scientific & Technical Activities	8,584.93	5,273.93	-3,311.00	-38.57%
Transportation & Storage	3,727.10	3,707.23	-19.87	-0.53%
Construction	2,369.43	2,366.87	-2.56	-0.11%
Mining, Quarrying & Utilities	1,849.12	1,972.95	123.83	6.70%
Accommodation & Food Services	1,148.53	1,149.83	1.30	0.11%
Agriculture, Forestry & Fishing	609.50	608.02	-1.48	-0.24%
Human Health & Social Work Activities	418.50	475.71	57.21	13.67%
Real Estate Activities	339.78	593.47	253.69	74.66%
Other Sectors	867.28	1,013.77	146.48	16.89%
Total	**159,025**	**182,735**	**23,709.28**	**14.91%**

Source: Revenue analysis. Note:* Adjusted profits are the trading profits of a company after being adjusted to reflect any differing treatment of certain items for accounting purposes compared to tax purposes.

Table 6 analyses trading profits taxed at the standard rate of CT (12.5%). There are a number of other income and profit streams taxed in different ways, some of which are shown in Table 7.

Table 7: Non-Trading Profits and Other Incomes

Year	Net Dividend Income		Non-Trading Income		Capital Gains	
	Number of Companies	Amount of Income €m	Number of Companies	Amount of Income €m	Number of Companies	Amount of Capital Gains €m
2016	478	6,159	21,928	4,126	1,110	318
2017	477	8,688	21,510	4,409	1,143	228
2018	522	4,451	20,621	9,151	1,208	264
2018 Growth	**9%**	**-51**	**-4%**	**207.5**	**6%**	**15**

Source: Revenue analysis.

Net foreign dividend income decreased by €4.2 billion in 2018. This was not significant from a tax point of view as these dividends are often not taxable in Ireland, due to offsets of double taxation relief and additional foreign tax credit.

Non-trading taxable income of companies is taxed at the higher rate of 25%. Non-trading taxable income increased by over 200 per cent between 2017 and 2018.

Companies, like private individuals and sole traders, are required to pay tax in respect of gains made on the disposal of assets. While the computation for corporations is slightly different, most of the same basic rules apply. The tax charged on companies' capital gains is equivalent to 33% of the value of the gain. There was a small increase in the number of companies that reported capital gains on their CT1 return for 2018 and in the amount of taxable gains. The associated increase in the amount of gross tax due is around €36 million.

As with individual Income taxpayers, companies can use net credits, deductions and reliefs against their profits to reduce taxable income or CT payable. The full detail of this calculation is published on Revenue's website.[7] The following Sections set out a view of the most significant and high profile of these: losses, capital allowances, Research & Development credit and the Knowledge Development Box.

3.2 Trading Losses

Where a company has losses or, subject to certain rules, carries forward losses from a previous accounting period, these can be used to offset against its CT liability in a variety of ways. These include being set against current year profits, surrendered to group companies, offset against a prior year's profits or carried forward.

While a company must record losses *claimed* on their CT1 returns, trading losses can only be *used* if there is an appropriate CT liability to offset.

Figure 5 shows the claimed and used amounts for losses carried forward and current year losses. The amount of losses carried forward from earlier accounting periods into 2018 accounting periods decreased by €1.95 billion (from €212.9 billion into 2017 to €211 billion).

Over 56,300 companies claimed losses on their 2018 tax returns. Of these, 42,900 also claimed losses forward in 2017 (i.e., carrying losses for multiple years). About 12,300 companies did not carry any losses forward into 2017 from earlier years but carried losses forward into 2018 either as a result of new losses or capital allowances created in 2017.

Around 25,400 companies used losses in 2018 totalling €13 billion, at a cost to the Exchequer of €1.7 billion.

Of companies with losses in 2017, over 14,300 did not carry losses into their 2018 returns, likely indicating that earlier losses had been fully utilised as a result of trading profits for these companies. The CT liability of these companies was €177 million for 2018.

It is important to note that losses forward include claims for unused capital allowances. This is discussed further in Section 3.3.

[7] Available at: https://www.revenue.ie/en/corporate/information-about-revenue/statistics/income-distributions/ct-calculation.aspx. Figures for 2018 will be published at this link once data are finalised.

Figure 5: Losses on 2018 Tax Returns

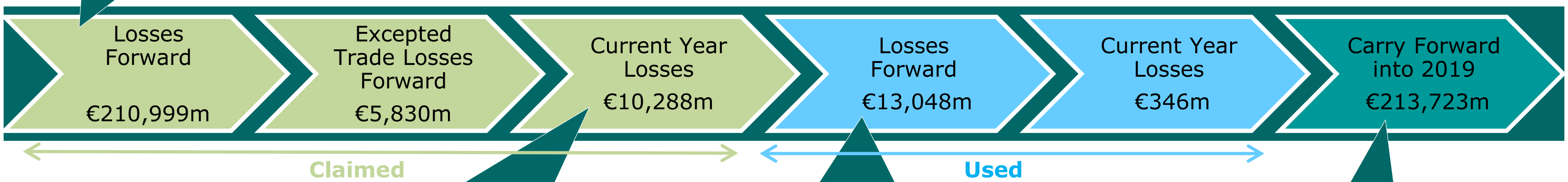
Losses Forward Claimed by Sector

Sector	€ bn
Financial & Insurance	108.5
Administration & Support Services	40.5
Information & Communications	12.4
Manufacturing	10.2
Construction	9.8
Wholesale & Retail Trade	8.6
Transport & Storage	8.6
All Other Sectors	12.3

Losses carried forward decreased by €1.95bn (0.9%). Administration & Support Services decreased by €5bn (11%) mainly attributed to the aviation sector. The only substantial increases were in Manufacturing at €1.8bn (21%) and Financial & Insurance at €1.6bn (1.5%).

Around €35bn of losses brought forward were claims by companies in liquidation or otherwise unlikely to ever use these losses. The bulk were recorded by companies in the financial sector.

90% of the losses forward were by companies that had been claiming losses forward for 5 years or more.



Current Year Losses Claimed by Sector

Sector	€m	+/-2017
Manufacturing	1,883	1,021
Financial & Insurance	1,684	-2,004
Administration & Support Services	1,413	-914
Information & Communications	1,294	167
Wholesale & Retail Trade	942	131
Construction	472	-56
Transport & Storage	459	39
All Other Sectors	2,141	-822

Losses Forward Used by Sector

Sector	€m	+/-2017
Administration & Support Services	4,886	-1,469
Financial and Insurance Activities	3,702	535
Manufacturing	1,200	349
Wholesale & Retail Trade	791	-5
Construction	669	-468
Information & Communications	444	18
Transport & Storage	212	-3
All Other Sectors	1,144	117

Losses forward include unused capital allowances. Around €50bn of losses forward may be capital allowances – see Section 3.3.

Source: Revenue analysis.

3.3 Capital Allowances

Companies are entitled to capital allowances in respect of certain expenditure and these can be set against profits. Figure 6 summarises the available data on capital allowances.[8] The tangible component of capital allowances (plant & machinery) increased by €4.3 billion. The total value of claims in respect of intangible assets increased by €7 billion in 2018.[9]

It is important to note that the €210.9 billion total losses forward (Section 3.2) includes claims for unused capital allowances. After the first year of claim, any losses and capital allowances carried forward are combined in tax returns data. Therefore, it is not possible to separately identify capital allowances and losses in the carry forward at aggregate level.

As Table 8 shows, while companies claiming intangible asset capital allowances are important CT payers, they account for only around a quarter of total payments in 2018 or 2019. Further, the growth of CT payments for this group of companies was lower than the overall growth rate or that for multinational companies alone. As the changes introduced to the regime from 11 October 2017 take further effect, it is expected that these payments will grow somewhat over the coming years.

Table 8: Tax Payments of Companies Claiming Intangible Asset Capital Allowances

Net CT Tax Payments by	2018 €m	2019 €m	% Growth
Claimants of Intangible Capital Allowances	2,619	2,607	-0.50%
All Companies	10,387	10,887	4.82%
Multinationals	8,413	9,148	8.74%

Source: Revenue analysis.

[8] It should be noted that these figures represent the aggregate of claims on the return, as distinct from the amount utilised to reduce tax due.
[9] In the case of intangible assets, the allowance is restricted such that it can only reduce trading income generated from the use of intangible assets, with any excess carried forward. Income not related to the use of the intangible assets is still taxable.

Figure 6: Capital Allowances on 2018 Tax Returns

	Amount Claimed €m	+/- 2017	Number Using
Plant & Machinery	33,654	4,383	65,900
Intangible Assets	45,365	7,033	552
Industrial Buildings	576	36	2,762
Other	222	-52	6,332

€19,383m claimed by foreign owned multinationals

€44,434m claimed by foreign owned multinationals

134 less claimants than 2017. However, there were 233 new claimants in 2018, that did not make a claim in 2017, amounting to €3.6bn.

In respect of expenditure on specified intangible assets on or after 11 October 2017, the aggregate amount of capital allowances, plus any deductions for interest on borrowings in respect of specified intangible assets, may not exceed 80% of trading income of the relevant trade for the accounting period. The total value of claims in respect of intangible assets increased by €7bn in 2018, €370m was affected by the cap. There was a cash flow gain in the region of €11m for 2018.

Capital Allowances Claimed by Sector

	Plant & Machinery €m	Intangible Assets €m	Industrial Buildings €m	Other €m
Administrative & Support Services	18,894	598	4	21
Information & Communication	5,686	3,083	3	22
Manufacturing	2,719	39,805	350	18
Financial & Insurance	1,651	267	1	3
Wholesale & Retail Trade	1,400	961	43	58
Transportation & Storage	601	4	90	5
Construction	340	0	2	4
All Other Sectors	2,362	647	83	91

Claimant Basis

	€m	%
Accounts-based Pre-FA 2017 assets	37,872	83.5%
Accounts-based Post-FA 2017 assets	176	0.4%
Fixed rate Pre-FA 2017 assets	7,123	15.7%
Fixed rate Post-FA 2017 assets	195	0.4%

Note: "FA 2017" refers to Finance Act 2017 changes (effective from 11 October 2017).

Source: Revenue analysis.

3.4 Research & Development

The Research & Development ("R&D") tax credit provides relief for qualifying expenditure on certain research activities. Table 9 shows a €93 million decrease (26.1 per cent) in the cost to the Exchequer of the R&D credit in 2018 returns. The number of companies reduced from 1,505 to 1,303. The repayable element of the credit accounted for almost half of the cost, although this varies year to year.[10]

Table 9: Research & Development Tax Credit

Year	Number of Companies	Cost €m	*Of which, Repayable Credit Cost €m*
2016	1,506	670	*236*
2017	1,505	448	*152*
2018	1,303	355	*109*

Source: Revenue analysis.

Revenue data shows that the value of R&D expenditure for 2018, against which tax relief is claimed, was €1.2 billion in the year. This only includes R&D where the expenditure is liable for the tax credit. Other forms of R&D may be undertaken that are not eligible for the tax credit. The companies using R&D relief paid €3.2 billion of net CT receipts (an amount that would clearly be higher were the credit not used to reduce liabilities).

Most of this expenditure occurred in a relatively small number of sectors. Of the €1.2 billion expenditure, €728 million was by foreign owned multinational companies. R&D credit claims by Irish owned multinationals were €147 million, non-multinationals the remaining €325 million.

3.5 Knowledge Development Box

The Knowledge Development Box ("KDB") was introduced in the Finance Act 2015 for accounting periods commencing on or after 1 January 2016. While the R&D credit is a support for creation of new intellectual property ("IP") or other research, the KDB provides for a reduced rate of CT (6.25%) payable on profits arising from qualifying IP assets.[11]

Table 10: Knowledge Development Box

Year	Number of Claimants	Cost €m
2016	12	9.4
2017	13	10.3
2018	<10*	9.0

Source: Revenue analysis. Note: *less than 10 claimants, the exact number is not shown to protect taxpayer confidentiality.

[10] Sections 766 and 766A of the Taxes Consolidation Act ("TCA") 1997 provide that the tax credit in respect of qualifying expenditure on R&D must be used initially to reduce the CT liability of the company for the accounting period in which the relevant expenditure is incurred. Any unused amount may be carried forward and used to reduce the CT of following accounting periods. Where an excess remains, instead of carrying forward that excess, a company may claim to use it to reduce the CT of the preceding accounting period. If any excess still remains it may still be carried forward and used to reduce the CT of succeeding accounting periods. In the event that there is insufficient CT liability in the current year, the company may claim to have the amount of the excess paid to them by Revenue in 3 instalments over 33 months from the end of the accounting period in which the expenditure was incurred.

[11] The KDB is available only to companies that carry out R&D within the meaning of Section 766 TCA.

A claimant company has a period of up to 24 months to make a claim for KDB relief. It is anticipated that more companies will use the 24 month time frame available. As such, more claims in respect of the year ended 31 December 2018 are likely to be made by September 2020.

3.6 Taxable Income, Paying Tax and the Effective Rate

For 168,600 2018 CT1 returns filed, 73,100 reported no trading or non-trading profits. Of the 95,500 with positive profits, a further 23,800 were not liable to CT due to the various reliefs and allowances available to companies, leaving 71,700 liable to the tax.

Figure 7: Number of Companies Liable to Tax 2018

Source: Revenue analysis. Note: Profits here includes either trading or non-trading.

As noted earlier, companies face three rates of tax: trading income (taxed at 12.5%), passive income (25%) and capital gains (33%). While it is not possible to provide the amounts of *tax collected* under each rate (due to the manner in which the tax assessment calculation operates), Table 11 provides the *taxable income* returned at each rate.

Table 11: Taxable Income by Tax Rate

Year	Trading Income 12.5% €m	Non-Trading Income 25% €m	Capital Gains 33% €m
2016	67,350	4,126	318
2017	75,246	4,409	228
2018	86,793	9,151	264

Source: Revenue analysis.

As certain reliefs can be offset against profits taxable at the higher rate before offsetting them against income taxable at the 12.5% rate, the bulk of CT paid was attributed to trading income in all years.

The effective tax rate for 2018 is calculated at 10.6 per cent for all companies. This overall rate is the same as the effective tax rate for 2017 but represents a marginal increase on the rate of 10.0 per cent for 2016. Due to the nature of various tax reliefs and credits, an effective rate of tax can sometimes be higher than a statutory rate. Non-trading income taxable at a higher rate of 25% can lead to effective tax rates in excess of the statutory 12.5% tax rate. Approximately half of the top 100 companies had non-trading income taxable at 25%.

Table 12 shows the average effective tax rate of various categories of companies. The average effective rate of foreign owned companies is higher than for domestic companies. The effective tax rate of larger companies is higher than for companies of a smaller size.

Table 12: Effective Rates of Tax

	Effective Rate %
All Companies	10.6
Foreign Owned Multinationals	11.6
Irish Owned Multinationals	9.2
Non-Multinationals	7.4
Top 10 Companies	11.3
Top 100 Companies	10.8
LCD Companies	11.4

Source: Revenue analysis.

The effective tax rate is calculated by Revenue as tax due in proportion to taxable income.[12] Were it calculated instead with taxable income plus addback for double taxation and R&D credits, the rate is 13.3%. Calculating the rate on net trade profits plus dividends & other income generates a rate of 10.0%.

[12] As outlined in the Department of Finance technical paper by Coffey and Levey (2014).

4 Company Structures

4.1 Close Companies and Surcharges

A 'close company' is a company that is under the control of 5 or fewer participators (together with their associates), or any number of participators (and their associates) who are directors. A participator is, broadly speaking, any person with a share or interest in the capital or income of the company.

A surcharge at the rate of 20% is imposed on the undistributed estate and investment income (broadly, interest and rental income) of close companies, where it is not distributed within 18 months of the end of the accounting period to which it relates. Close companies that are service companies are also liable to a 15% surcharge on 50 per cent of their undistributed trading income. Table 13 shows the estimated number of close company returns and the associated CT liability, alongside the close company surcharge amounts for each year. Also shown are the number of companies liable to the service company surcharge and the amount due.

Table 13: Close Company and Service Company Surcharge

	2014	2015	2016	2017	2018
Number of Close Company Corporation Tax returns	110,898	116,421	122,410	131,675	134,473
Corporation Tax Liability €m	770	632	596	805	849
Number of Companies returning Close Company Surcharge	4,794	4,607	4,603	4,575	4,562
Amount of Surcharge returned €m	20.7	21.4	23.5	26.9	27.7
Number of Companies returning Service Company Surcharge	1,662	1,883	2,110	2,453	2,602
Amount of Surcharge returned €m	9.4	12.2	13.6	14.4	15.4

Source: Revenue analysis.

4.2 Section 110 Companies

A Section 110 company is an Irish resident special purpose vehicle that holds and/or manages "qualifying assets".[13] Table 14 shows the CT receipts from these companies. Table 15 shows Section 110 notifications and registrations ceased.

Table 14: Gross and Net Receipts of Section 110 Companies

Year	Gross Receipts		Net Receipts	
	Amount €m	% of Gross Receipts	Amount €m	% of Net Receipts
2016	201	2.5%	199	2.7%
2017	132	1.4%	128	1.6%
2018	93	0.8%	87	0.8%
2019	77	0.7%	62	0.6%

Source: Revenue analysis.

[13] A company must meet certain conditions, one of which is to notify Revenue of its status as a qualifying company Finance Act 2016 made certain changes to the taxation of qualifying companies, within the meaning of section 110 TCA 1997.

Table 15: Section 110 Companies

Year	Number of Notifications Received	Number of Tax Registrations Ceased
2015	2,886	1,192
2016	478	22
2017	382	<10*
2018	471	<10*
2019	532	0

Source: Revenue analysis. Note: *less than 10 claimants, the exact number is not shown to protect taxpayer confidentiality.

4.3 Irish Real Estate Fund Regime

Section 23 Finance Act 2016 introduced, and Section 18 Finance Act 2017 amended, the Irish Real Estate Fund ("IREF") regime, which takes effect for accounting periods commencing on or after 1 January 2017. IREFs do not pay CT, but pay an IREF withholding tax.

Table 16 shows the information available from returns that were due since 31 July 2018.

Table 16: Irish Real Estate Funds 2017 and 2018

IREF Asset Description	For Accounting Periods Ending 1 July – 31 December 2017 €m	For Accounting Periods Ending 1 January – 31 December 2018 €m
Residential - Dublin	732	1,882
Residential - Leinster (Ex Dublin)	52	21
Residential - Ulster	2	0
Residential - Munster	34	0
Residential - Connacht	15	90
Retail	2,078	1,447
Commercial	3,837	2,887
Mixed-use	56	40
Development land	617	550
Other	236	54
Shares in a REIT	269.45	106
Other shares	0	253
Specified Mortgages	0	82
Units in an IREF	0	91
Total	**7,929**	**7,501**
Amount of IREF taxable event	623	905
Number of Returns received	52	87

Amount of IREF Withholding Tax Deducted €m		
2018	8.3	
2019		24.2

Source: Revenue analysis. Note: IREF taxable event including distributions and redemption payments deriving from certain income and gains.

5 Employment and Payroll

As well as CT, companies contribute to the Exchequer as employers by collecting and paying over payroll taxes.

Revenue figures report *employments* rather than *employees*. An employee may have more than one employment (e.g., changing employment during the year or having a second job). Employments are a mix of part-time and full-time and also include as employees those who are in receipt of occupational pensions. The source of the information is the CT1 return matched against employer returns.

Table 17 breaks down the value of PAYE, USC, PRSI remitted by employers (on behalf of employees) and employment income (paid to employees) in 2018 by ranges of gross CT liability. The VAT paid over by companies is also shown. The first panel displays data in respect of all companies, the following panels show the same for all multinationals, foreign owned multinationals, Irish owned multinationals and non-multinational companies respectively. Table 18 shows the same information by sector of the company.

There were over 2 million employments in companies. Around a quarter (870,000) were employed in multinational companies, while the majority of the balance were employed by non-multinationals. The combined Income Tax, USC and PRSI payments for these employees were €20 billion (€11.5 billion for multinationals' employees). Average earnings (and consequently average tax payments) were highest among employees of foreign owned multinationals.

Foreign owned multinationals had 640,000 employments in 2018 on Revenue records. Revenue data show 367,500 employments in *Manufacturing*, *Administrative & Support*, *Information & Communication* and *Financial Services* sectors, which are likely to be the traditional FDI sector (with export oriented activities and IDA support). The remaining 272,500, of which the largest share was 146,200 in *Wholesale & Retail Trade*, are most likely foreign owned multinationals operating in Ireland to serve the domestic market.

Figure 8 shows the growth rates of employments, overall and for foreign multinational companies, by county between 2017 and 2018.

Table 17: Employment by Liability Amount 2018

All Companies

CT Liability €	Company returns Number	Total CT Liable €m	Employees Number	Earnings €m	Income Tax €m	USC €m	Employer PRSI €m	VAT €m
Negative or Nil	100,862	-461	687,017	16,723	3,045	610	2,085	2,125
1-20,000	53,036	241	510,598	10,220	1,585	323	1,206	2,230
20,000-40,000	5,858	164	157,623	3,251	516	106	415	683
40,000-60,000	2,340	114	98,255	2,070	345	71	271	536
60,000-80,000	1,342	93	70,413	1,554	252	51	203	245
80,000-100,000	837	75	55,540	1,378	252	52	181	195
100,000-200,000	1,849	260	131,834	3,179	554	113	433	655
200,000-500,000	1,230	386	170,210	4,518	845	171	624	508
500,000-1,000,000	489	340	116,918	3,391	626	129	456	724
1,000,000-5,000,000	477	1,021	141,432	4,696	975	195	673	1,444
5,000,000-8,000,000	62	385	42,015	1,091	223	44	136	141
8,000,000+	130	7,594	153,050	5,496	1,322	263	688	3
Total	**168,512**	**10,211**	**2,334,905**	**57,568**	**10,542**	**2,129**	**7,373**	**9,488**

Foreign Owned Multinationals Only

CT Liability €	Company returns Number	Total CT Liable €m	Employees Number	Earnings €m	Income Tax €m	USC €m	Employer PRSI €m	VAT €m
Negative or Nil	4,569	-164	112,110	4,571	1,002	200	643	879
1-20,000	2,155	8	41,900	1,506	333	67	214	669
20,000-40,000	356	10	20,129	692	144	30	102	31
40,000-60,000	212	10	11,400	370	78	16	52	112
60,000-80,000	186	13	17,835	450	84	17	60	64
80,000-100,000	122	11	12,317	448	100	20	63	38
100,000-200,000	421	61	43,409	1,266	245	49	180	240
200,000-500,000	460	147	89,742	2,529	515	103	351	251
500,000-1,000,000	268	191	59,905	1,879	384	78	264	704
1,000,000-5,000,000	328	733	96,765	3,561	769	152	508	1,353
5,000,000-8,000,000	45	283	30,727	682	147	29	78	93
8,000,000+	99	6,813	103,822	4,203	1,019	205	567	-124
Total	**9,221**	**8,116**	**640,061**	**22,157**	**4,821**	**966**	**3,083**	**4,308**

Irish Owned Multinationals Only

CT Liability €	Company returns Number	Total CT Liable €m	Employees Number	Earnings €m	Income Tax €m	USC €m	Employer PRSI €m	VAT €m
Negative or Nil	1,407	-27	62,795	2,431	512	103	334	-2
1-20,000	333	1	19,941	559	95	20	77	54
20,000-40,000	34	1	1,843	77	15	3	11	125
40,000-60,000	23	1	2,213	92	20	4	13	0
60,000-80,000	26	2	2,336	68	11	2	10	1
80,000-100,000	13	1	2,508	50	6	1	7	-11
100,000-200,000	71	11	8,652	239	44	9	35	24
200,000-500,000	100	32	24,652	651	112	23	91	42
500,000-1,000,000	48	32	29,126	744	107	23	87	28
1,000,000-5,000,000	44	82	16,056	566	112	23	85	43
5,000,000-8,000,000	10	62	10,690	387	72	15	56	50
8,000,000+	21	542	49,116	1,284	300	58	119	183
Total	**2,130**	**740**	**229,928**	**7,147**	**1,406**	**284**	**925**	**533**

Non-Multinational Companies Only

CT Liability €	Company returns Number	Total CT Liable €m	Employees Number	Earnings €m	Income Tax €m	USC €m	Employer PRSI €m	VAT €m
Negative or Nil	94,886	-271	512,112	9,721	1,531	307	1,108	1,249
1-20,000	50,548	233	448,757	8,155	1,157	236	915	1,508
20,000-40,000	5,468	153	135,651	2,482	357	73	302	527
40,000-60,000	2,105	102	84,642	1,609	247	51	206	424
60,000-80,000	1,130	78	50,242	1,036	157	32	133	180
80,000-100,000	702	63	40,715	880	146	31	111	169
100,000-200,000	1,357	189	79,773	1,674	265	55	219	392
200,000-500,000	670	207	55,816	1,339	218	45	183	215
500,000-1,000,000	173	117	27,887	768	135	28	105	-8
1,000,000-5,000,000	105	205	28,611	569	95	20	80	48
5,000,000-8,000,000	7	41	598	21	4	1	2	-2
8,000,000+	10	239	112	9	3	1	1	-56
Total	**157,161**	**1,355**	**1,464,916**	**28,263**	**4,315**	**879**	**3,365**	**4,646**

Source: Revenue analysis.

Table 18: Employment by Sector 2018

All Companies

Sector	Company returns Number	Total CT Liable €m	Employees Number	Earnings €m	Income Tax €m	USC €m	Employer PRSI €m	VAT €m
Manufacturing	10,103	3,082	259,910	9,045	1,661	349	1,291	106
Financial & Insurance	18,641	2,104	213,926	6,476	1,560	298	788	13
Information & Communication	12,334	1,654	138,175	6,274	1,505	289	824	277
Wholesale & Retail Trade	26,713	1,158	474,209	10,610	1,702	353	1,365	5,616
Administrative & Support	10,615	850	260,818	4,386	725	152	574	500
Prof., Scientific & Technical	22,627	363	153,749	5,380	1,180	226	652	984
Transportation & Storage	4,685	252	101,716	2,863	447	95	349	215
Mining, Quarrying & Utilities	297	24	5,669	201	35	8	30	-3
Construction	22,443	271	146,284	3,773	600	120	482	124
Accommodation & Food	8,777	119	290,058	2,927	234	57	350	545
Real Estate Activities	10,013	116	27,422	685	139	27	83	591
Agriculture, Forestry & Fishing	5,779	53	32,500	532	66	14	58	-20
Other Sectors	15,485	167	230,469	4,416	687	141	528	541
Total	**168,512**	**10,211**	**2,334,905**	**57,568**	**10,542**	**2,129**	**7,373**	**9,488**

Foreign Multinational Companies Only

Sector	Company returns Number	Total CT Liable €m	Employees Number	Earnings €m	Income Tax €m	USC €m	Employer PRSI €m	VAT €m
Manufacturing	716	2,908	110,464	5,108	1,075	224	761	165
Financial & Insurance	3,191	1,635	118,335	3,521	884	170	432	-23
Information & Communication	680	1,655	70,486	4,069	1,043	202	554	-42
Wholesale & Retail Trade	1,065	852	146,174	4,164	796	163	584	3,263
Administrative & Support	1,587	745	68,647	1,503	265	55	211	134
Prof., Scientific & Technical	695	127	36,671	1,514	359	70	213	217
Transportation & Storage	176	57	15,460	577	107	23	86	5
Mining, Quarrying & Utilities	15	19	1,199	62	14	3	10	-28
Construction	365	27	10,781	385	74	14	57	-7
Accommodation & Food	95	23	33,128	401	37	9	53	60
Real Estate Activities	310	15	7,172	213	46	9	30	400
Agriculture, Forestry & Fishing	48	1	915	29	5	1	4	0
Other Sectors	278	51	20,629	611	116	23	87	164
Total	**9,221**	**8,116**	**640,061**	**22,157**	**4,821**	**966**	**3,083**	**4,308**

Irish Owned Multinationals Only

Sector	Company returns	Total CT Liable	Employees	Earnings	Income Tax	USC	Employer PRSI	VAT
	Number	€m	Number	€m	€m	€m	€m	€m
Manufacturing	241	76	31,863	1,025	173	37	149	-152
Financial & Insurance	782	275	67,252	1,947	433	81	244	-126
Information & Communication	59	1	5,194	124	21	4	18	16
Wholesale & Retail Trade	367	128	33,897	949	169	35	135	295
Administrative & Support	151	8	11,694	280	54	14	35	35
Prof., Scientific & Technical	144	34	11,792	571	139	28	80	234
Transportation & Storage	42	145	33,338	1,058	175	37	108	0
Mining, Quarrying & Utilities	0	0	0	0	0	0	0	0
Construction	120	19	8,979	362	75	15	57	38
Accommodation & Food	15	6	3,293	48	6	1	6	7
Real Estate Activities	101	1	196	16	5	1	2	9
Agriculture, Forestry & Fishing	15	0	1,687	33	4	1	5	3
Other Sectors	93	46	20,743	736	150	31	86	175
Total	**2,130**	**740**	**229,928**	**7,147**	**1,406**	**284**	**925**	**533**

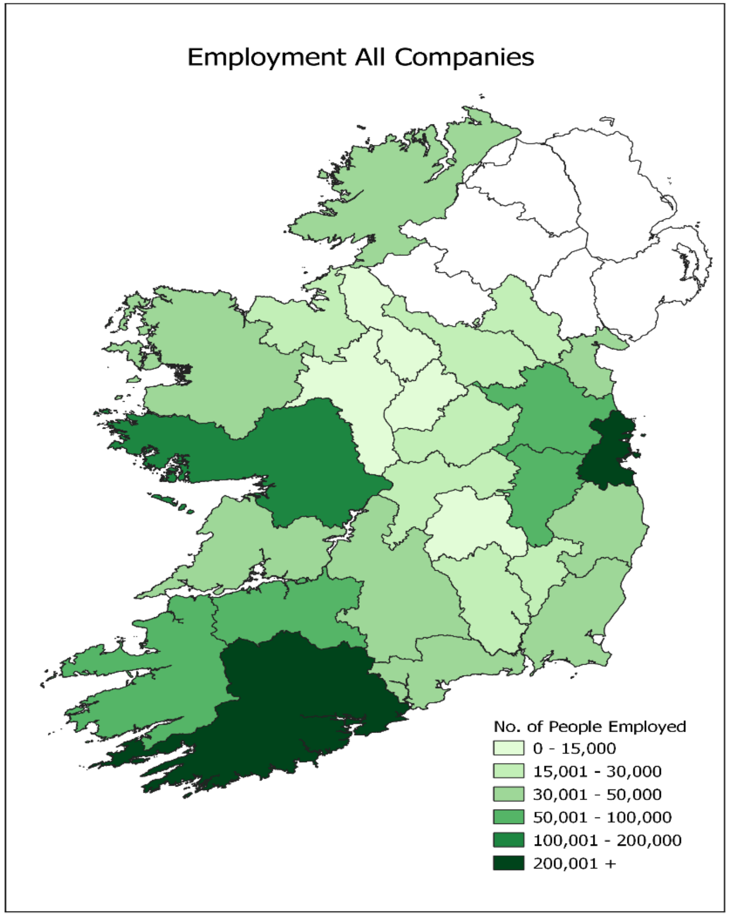
Non- Multinationals Only

Sector	Company returns	Total CT Liable	Employees	Earnings	Income Tax	USC	Employer PRSI	VAT
	Number	€m	Number	€m	€m	€m	€m	€m
Manufacturing	9,146	99	117,583	2,911	413	88	381	93
Financial & Insurance	14,668	194	28,339	1,008	243	47	112	161
Information & Communication	11,595	-3	62,495	2,082	441	83	253	303
Wholesale & Retail Trade	25,281	178	294,138	5,497	738	155	646	2,058
Administrative & Support	8,877	96	180,477	2,603	405	84	329	331
Prof., Scientific & Technical	21,788	201	105,286	3,295	682	128	358	533
Transportation & Storage	4,467	50	52,918	1,227	165	36	154	210
Mining, Quarrying & Utilities	282	5	4,470	139	22	5	20	24
Construction	21,958	224	126,524	3,026	451	91	368	92
Accommodation & Food	8,667	89	253,637	2,479	191	47	290	479
Real Estate Activities	9,602	100	20,054	457	88	17	51	182
Agriculture, Forestry & Fishing	5,716	51	29,898	470	57	12	49	-22
Other Sectors	15,114	70	189,097	3,069	421	87	355	202
Total	**157,161**	**1,355**	**1,464,916**	**28,263**	**4,315**	**879**	**3,365**	**4,646**

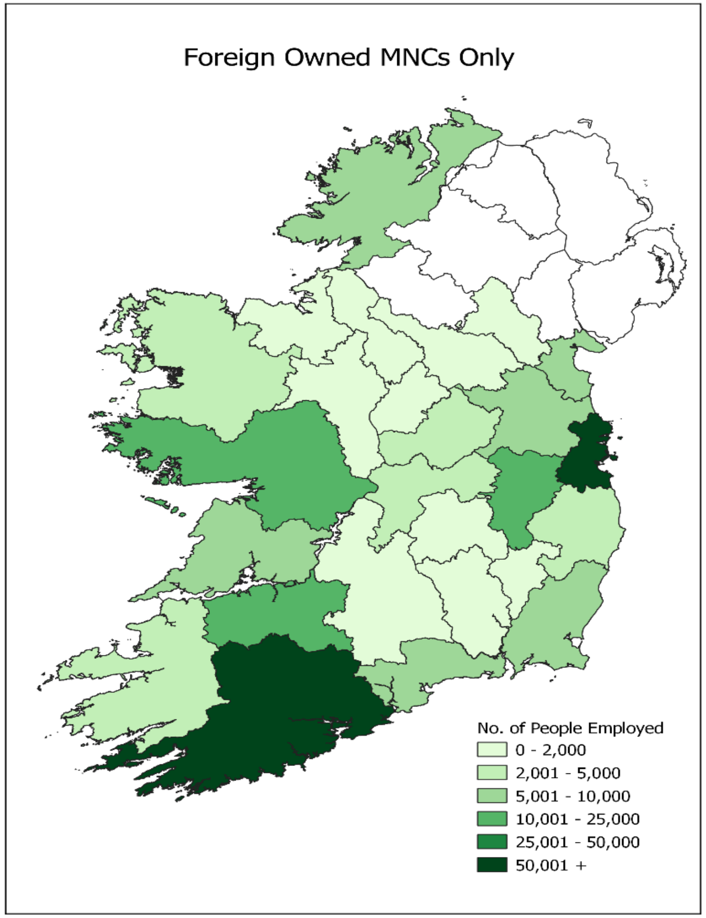
Source: Revenue analysis.

Figure 8: Employment Growth County 2018

All Companies



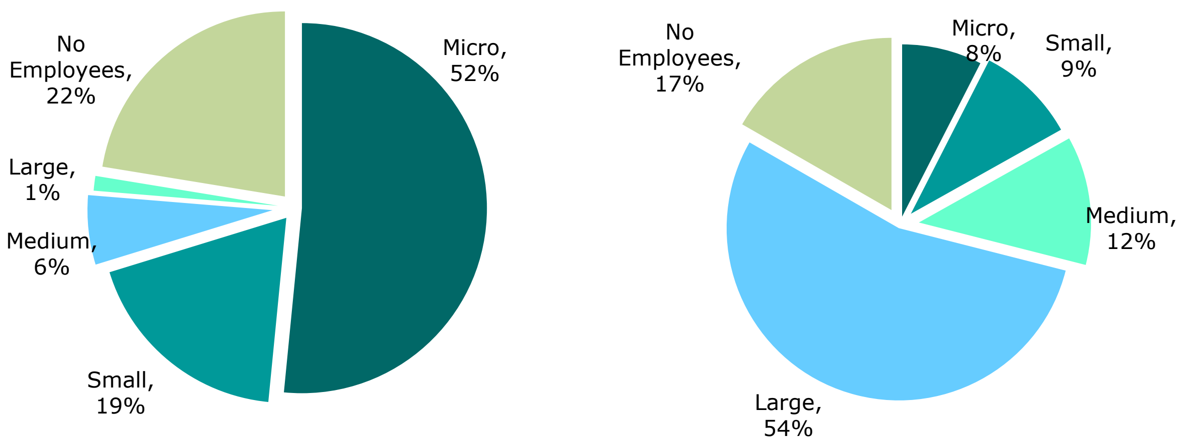
Foreign Owned Multinationals Only



Source: Revenue analysis.

Figure 9 shows the number of companies and CT payments, both categorised by number of employments. While the majority (52 per cent) were micro companies, large companies accounted for over half of CT receipts. Companies with "no employees" may be affiliates within a larger corporate group, where one company paid the CT and another held the employments for the group.

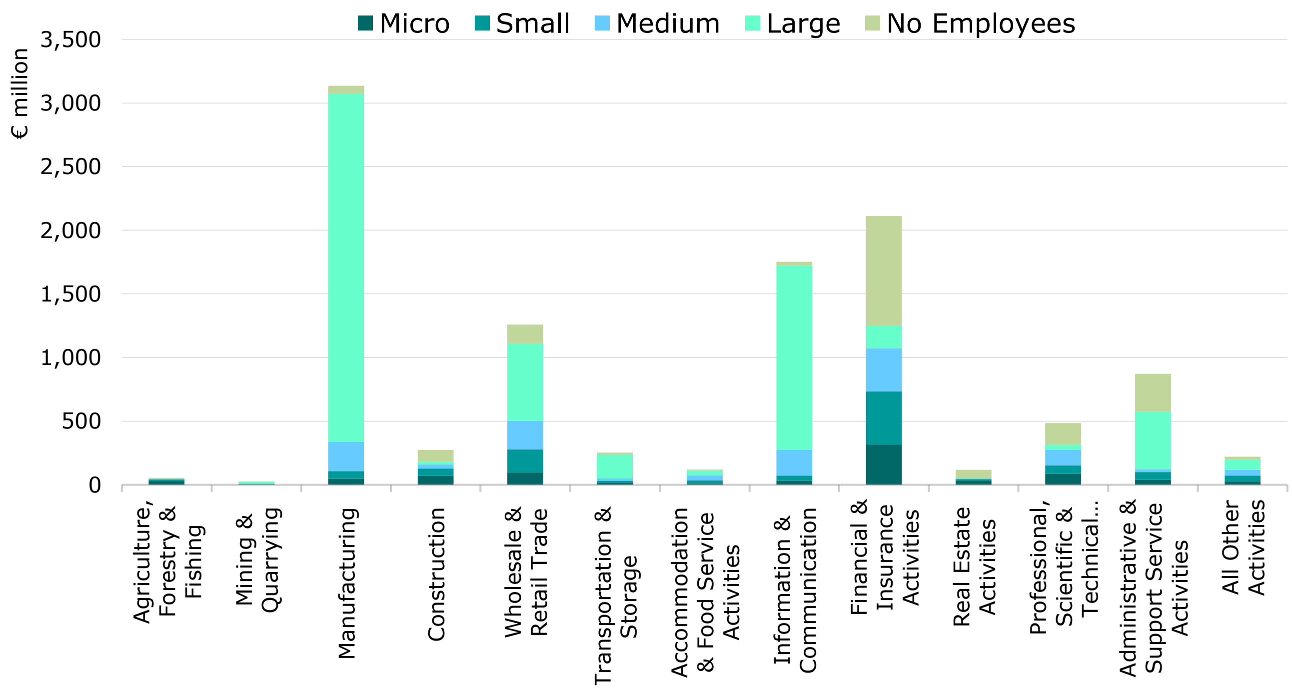
Figure 9: Number of Companies and Corporation Tax by Company Size 2018



Source: Revenue analysis. Note: 'Micro' refers to companies with between 1 and 10 employments, 'Small' 11 and 50 employments, 'Medium' 51 to 250, and 'Large' over 250 employments.

Figure 10 shows the CT payments by sector broken down by the size of the company (based on number of employees). The majority of payments of CT, particularly across the largest sectors, were made by companies with significant employment.

Figure 10: Corporation Tax by Company Size 2018



Source: Revenue analysis. Note: 'Micro' refers to companies with between 1 and 10 employments, 'Small' 11 and 50 employments, 'Medium' 51 and 25, and 'Large' over 250 employments.

Companies which were not CT liable (for example, because they had not made a profit in a given year) were significant employers. Of the totals as shown in Table 17, CT non-liable companies were responsible for 29 per cent of employments among companies and 28.6 per cent of associated Income Tax, USC and PRSI. Non-CT liable foreign owned multinationals accounted for only 17.5 per cent of total foreign multinational employments and 20.8 per cent of associated Income Tax, USC and PRSI payments for foreign multinational companies.

6 Conclusion

This report summarises the trends in CT payments in 2019, returns for 2018 and employment by companies. As Revenue strives to make more information available to policy makers and other interested stakeholders, the report also introduces new information on capital allowances, effective tax rates and country-by-country reporting.

Net CT in 2019 increased by €0.5 billion to €10.9 billion. This increase over 2018 was mainly due to increases in the payments from the *Finance & Insurance*, *Wholesale & Retail Trade* and *Administration & Support services* sectors. *Manufacturing* remains the largest CT paying sector.

The number of net CT contributors continues to increase. Receipts remain concentrated, the 10 largest payers in 2019 accounted for 40 per cent of net CT receipts, but down from 45 per cent in 2018. Foreign owned multinationals were responsible for 77 per cent of CT liability and 44 per cent employment taxes, while employing around 27 per cent of company employees. The equivalent taxes and employee figures for 2017 were 50 per cent and 22 percent.

Information from CT1 returns indicate a significant increase in trading profits (€23.7 billion or 15 per cent) in 2018. This is in line with increases in CT receipts in 2018 of almost €2.4 billion. R&D credit claims have almost halved in three years, from a tax cost of €670 million in 2016 to €355 million in 2018. There were significant increases in non-trading income declared on tax returns but most of this did not translate into additional CT liability due to double taxation relief credits.

Further detail from CT payments and tax returns is published on the Statistics pages of the Revenue website at: https://www.revenue.ie/en/corporate/information-about-revenue/statistics/index.aspx.