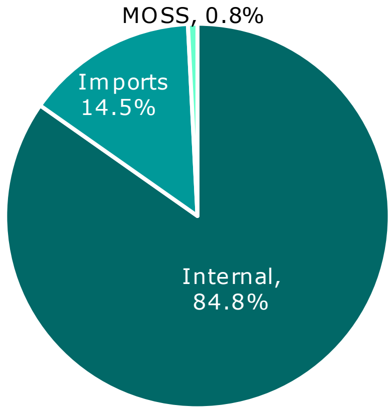
VAT Payments and Returns 2020

Net VAT receipts of €12.5 billion collected in 2020 (22% of total net tax receipts in the year), a further €1.1 billion in VAT liabilities were warehoused.

The largest share, Internal VAT, is collected by traders on the value of goods and services supplied to their customers.

The second largest source is VAT collected on imported goods from third countries.

The third source is VAT collected on the supply of telecommunications, broadcasting and electronic services under the VAT Mini One Stop Shop ("MOSS") scheme.



Four Largest VAT Paying Sectors (Internal VAT) in 2020

€5.1 billion Wholesale & Retail Trade	**€1.7 billion** Professional, Scientific & Technical Services	**€525 million** Information & Communication	**€498 million** Manufacturing
-5% in 2020	**-15% in 2020**	**-31% in 2020**	**-23% in 2020**

The COVID-19 pandemic impacted all sectors, with total internal VAT receipts down 19% and sectors such as Accommodation & Food down 60%.

263,590 VAT Registered Traders in 2020

24,170 New Registrations in 2020	**16,250** Registrations Ceased in 2020	**197,400** Traders Actively Filing VAT Returns

VAT Repayments of €5.8 billion in 2020

103,000 Traders with one or more repayment claims	**274,200** Repayments made	**€17,000** Average repayment over the year	**€20,800** Median repayment over the year

Revenue prioritised repayments in 2020, to assist the cashflow of businesses impacted by COVID and this contributed to a 2% increase in the value of repayments and a 6% increase in the number of repayments compared to 2019.

Largest 1.5% of VAT traders accounted for 38% of receipts and 45% of repayments in 2020

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

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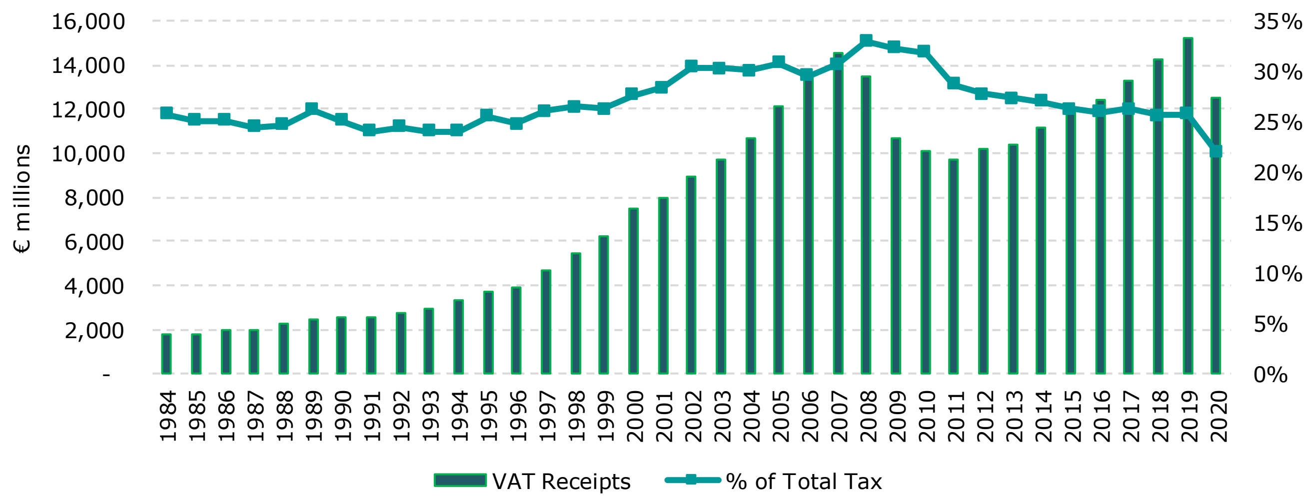
1 Introduction

Value Added Tax ("VAT") is a tax on consumer spending introduced in 1972, on Ireland's accession to the European Economic Community. VAT is the second largest source of tax receipts in the State (after Income Tax), with €12.5 billion in net receipts transferred to the Exchequer in 2020 (22 per cent of total net tax receipts in the year).

As shown in Figure 1, VAT receipts increased by an average of 7 per cent per year from 2013 to 2019. This was primarily driven by increased consumption in the economy.[1] Receipts in 2019 exceeded the previous highest level recorded in 2007. The share of total receipts from VAT had remained relatively constant at around 26 per cent over the past five years. However, with the economic impact of the COVID-19 pandemic and the introduction of public health measure in March 2020, VAT receipts declined by €2.7 billion or 18 per cent compared to 2019. This decline was the second largest in the recent period, a 20 per cent decrease was observed from 2008 to 2009. The proportion of VAT to total tax receipts fell to 22 per cent of total receipts in 2020, its lowest level on record, indicating the disproportionate impact of the pandemic on VAT receipts compared to other taxes.

Figure 1: VAT Receipts



Source: Revenue analysis.

This report profiles VAT based on the data available to Revenue.[2] Section 2 gives an overview of the tax. Section 3 reviews trader and tax return information. Sections 4 and 5 analyse receipts and repayments respectively. Section 6 concludes.

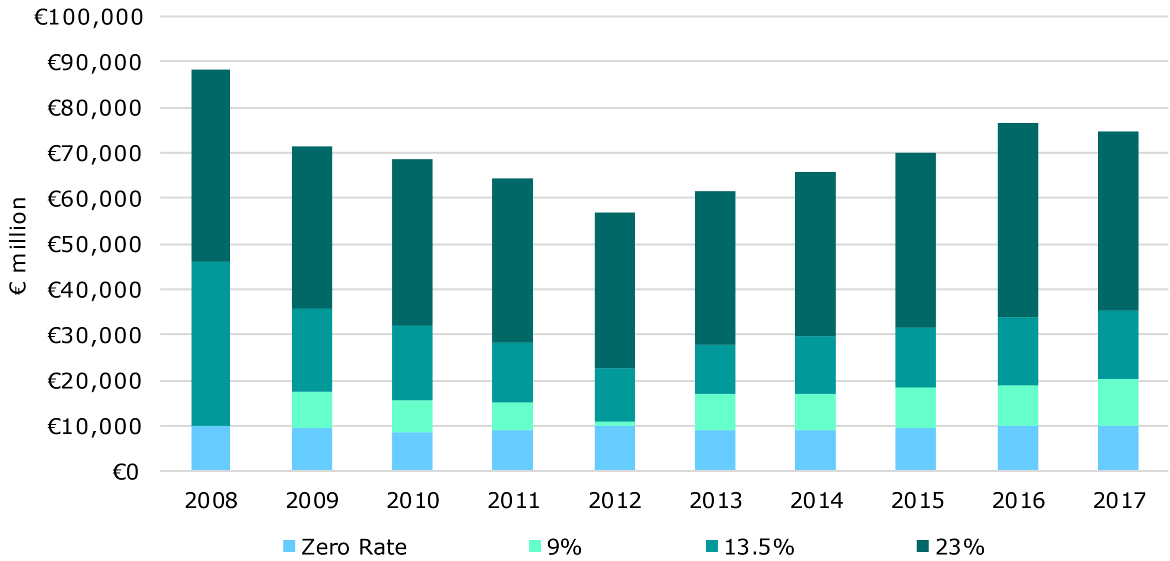
[1] There was also a rise in the standard rate of VAT from 21% to 23% in January 2012 and the introduction in 2011 of, then reduction in 2019 of the activities liable for, the 9% rate.
[2] Similar reports for earlier years are published at https://www.revenue.ie/en/corporate/information-about-revenue/research/research-reports/excise-and-vat.aspx.

2 VAT Overview

Ireland currently operates five VAT rates, a standard rate (23%), two reduced rates (13.5% and 9%), a livestock rate (4.8%) and a zero rate. In addition, certain economic activities including financial services, health, education, public transport, sporting events and water supplies are VAT exempt activities.

Figure 2 shows estimated personal consumer expenditure ("PCE") at the zero, reduced and standard rates up to 2017 (the most recent year with data available).[3] €74.2 billion in overall PCE was VAT taxable expenditure in 2017, 53 per cent at the standard rate. Expenditure at 9% and 13.5% accounted respectively for 14 per cent and 20 per cent of PCE.

Figure 2: Expenditure by VAT Rate



Source: Revenue analysis of Revenue and CSO data.

This distribution is highly dependent on the VAT rates in effect. With Budget 2019 a significant component of expenditure at the 9% rate reverted to 13.5%. While not yet finalised, estimated 2019 expenditure at the 9% and 13.5% is estimated to be 4 per cent and 30 per cent of total PCE. On 1 September 2020 the standard rate of VAT was reduced to 21% for six months as part of the Government's July Jobs Stimulus introduced in response to the COVID-19. With Budget 2020 a significant component of expenditure at the 13.5% rate was reverted back to the second reduced rate of 9% from 1 November 2020 until 31 December 2021.

The annual Return of Trading Details ("RTD") requires that a VAT registered trader provide Revenue with information on the VAT exclusive value of sales and purchases made at each VAT rate, including imports and exports. Some traders (or their agents) do not accurately complete

[3] This estimate of PCE excludes all expenditure on goods and services that are exempt from VAT.

this return, as the information on the RTD does not align with the information submitted within the periodic VAT3. Using those cases where the information does align, an analysis of the weighted average VAT rate is provided in Table 1.

Table 1: Average Rates of VAT

Year	Average Rate (RTDs)	Weighted Average Rate (CSO)
2007	15.2%	15.5%
2008	15.1%	15.4%
2009	14.7%	15.8%
2010	14.3%	15.6%
2011	14.2%	15.3%
2012	15.1%	16.3%
2013	14.5%	16.5%
2014	14.8%	16.0%
2015	14.8%	16.1%
2016	14.8%	16.3%
2017	14.8%	16.3%
2018	14.6%	15.9%
2019	14.7%	16.4%
2020	15.1%	N/A

Source: Revenue analysis of Revenue and CSO data.

The increase observed in the average rate from 2019 to 2020 can likely be attributed in part to the significant decline in activity in the services sector (a faster decline in activity taxable at reduced rates, compared to that at the standard rate, decreases the overall average).

The CSO produces consumption estimates for all taxable persons including expenditure across the VAT exempt sectors. From this information the CSO estimates the weighted average VAT rate ("WAR"), this is also shown in Table 1. The WAR is a key component in determining Ireland's contribution the European Union ("EU") budget each year (see Box 1).

Using PCE estimates produced by the CSO in combination with tax return information and other information sources, an estimate of total expenditure across a number of key activities (important items of consumption where significant VAT is generated) is created annually. This is known as the "VAT Base".

Some of the main items in the VAT Base 2019 are presented in Table 2.[4] These items accounted for around 43 per cent of VAT base expenditure but only 36 per cent of VAT receipts as a result of expenditure on zero rated item such as food and medicines.

[4] Due to the impact of COVID-19 on specific sectors and economic activity, data for the VAT Base 2020 will be available later than usual and therefore the 2019 VAT Base is presented here.

Table 2: VAT Base 2019 – Main Expenditure Areas

Product	Estimated Expenditure €m	Estimated Expenditure %	VAT Yield €m
Food	6,854	7.42	0
Alcohol	5,194	5.62	1,195
Private New Housing	5,190	5.62	701
Restaurants, Canteens, Chip Shops, Fast Food etc	4,019	4.35	543
Private Housing - Repair & Maintenance	2,951	3.19	398
Other Building	2,569	2.78	347
Telecommunications	2,437	2.64	560
Electricity	2,337	2.53	316
Cars	2,285	2.47	526
Motor Fuel	2,152	2.33	495
Oral Medicine	2,097	2.27	0
Adult clothing	1,995	2.16	459

Source: Revenue analysis of Revenue and CSO data.

Box 1: VAT Own Resources Statement

Own Resources ("OR") is one of the mechanisms through which the EU receives its funding from Member States. The Irish VAT OR liability is calculated at 0.3% of the harmonised VAT base each year and comprises approximately 11 per cent of Ireland's total contribution to the EU Budget. The legislative basis for VAT OR is Council Regulation 1553/89.

The harmonised VAT base is calculated by obtaining net VAT receipts and applying the Weighted Average Rate ("WAR") of VAT. The WAR is compiled by the Central Statistics Office's National Accounts Division using Personal Consumption Expenditure, Intermediate Consumption and Gross Fixed Capital Formation by Government and other exempt sectors. The weights are determined by the relative magnitude of the base per VAT rate.

Harmonisation of the VAT base is necessary due to certain derogations availed of by Member States under national VAT law. The fundamental principle is that derogations and exemptions should not have any impact on the common VAT OR base. Compensations, which can have a positive or negative effect on the base, are applied to arrive at the VAT base on which the VAT OR contribution is based. Eligible sectors for compensation and how their compensations are calculated are set out in Council Directive 112/2006. The table below summarises Ireland's VAT OR account for 2019. The final base figure of €93.9 billion is the VAT exclusive estimate of goods and services consumption by final consumers that is taxable under the EU VAT directive. This is an increase of €6.5 billion in expenditure from 2018 (€87.4 billion).

VAT OR Account 2019

	€m
VAT Receipts	15,156.6
Fines and Interest	-25.5
Other Corrections	42.6
Flat-Rate Farmers	-25.5
Net Receipts	15,151.9
WAR	16.5%
Intermediate VAT Base	**91,622.6**
Compensations:	
Small Exempt Enterprises	76.5
Admission to Sporting Events	406.9
Cremation and Undertakers	70.9
Public Water	805.7
Passenger Transport	1242.9
Cars	-234.2
Expenditures on Cars	-91.9
On-board consumption	34.4
Total Compensations	2,311.3
Final VAT Base	**93,933.9**

Source: Revenue analysis.

3 Traders and Returns

3.1 Registration of VAT Traders

Businesses (or persons) are typically required to register with Revenue for VAT where they supply taxable services or goods and where specific thresholds criteria are exceeded:

- €37,500 in the case of businesses supplying services only;
- €35,000 for taxable businesses making mail-order or distance sales into the State;
- €41,000 for businesses making acquisitions from other EU Member States; or
- €75,000 for businesses supplying goods.

Businesses suppling taxable services or goods that do not exceed these thresholds can elect to register for VAT. Businesses suppling VAT exempt services or goods are not required to register. Those engaged solely in agricultural production activities are typically not obliged to register for VAT, as they can apply the Farmer Flat Rate on the value of their sales, but can choose to.

Box 2: Farmer Flat Rate

Farmers who are not registered for VAT ("flat-rate farmers") are entitled to charge a flat-rate addition of 5.6% on sales to VAT registered customers including marts, meat factories and agricultural co-operatives. This flat-rate addition compensates them for VAT incurred on purchases and other input costs.

The calculation of the farmer flat rate addition is carried out by Revenue with the aid of the Agriculture Account produced by the CSO. It is expressed as a percentage applied to the value of qualifying agriculture activities.

In 2019 it was estimated that farmers reclaimed €360 million of VAT from the addition of the farmer flat rate and a further €80 million though VAT refunds for qualifying capital expenditure

There is a regular movement in VAT registrations figures each year, with businesses registering, re-registering and cancelling their registrations. This is illustrated in Figure 3.

Figure 3: Change in Number of Registered Traders 2019 to 2020

Source: Revenue analysis.

The number of traders registered for VAT each year is provided in Table 3. The decline in registrations observed in 2019 can be attributed to a quality and compliance programme initiated by Revenue in respect of new VAT registrations and a clean-up of inactive VAT registrations. Despite the COVID-19 pandemic, 2020 saw a similar number of new registrations as 2019, and a lower number of cancellations. The number in 2020 is 9 per cent lower compared to the highest number recorded in 2008.

Table 3: Number of Registered VAT Traders

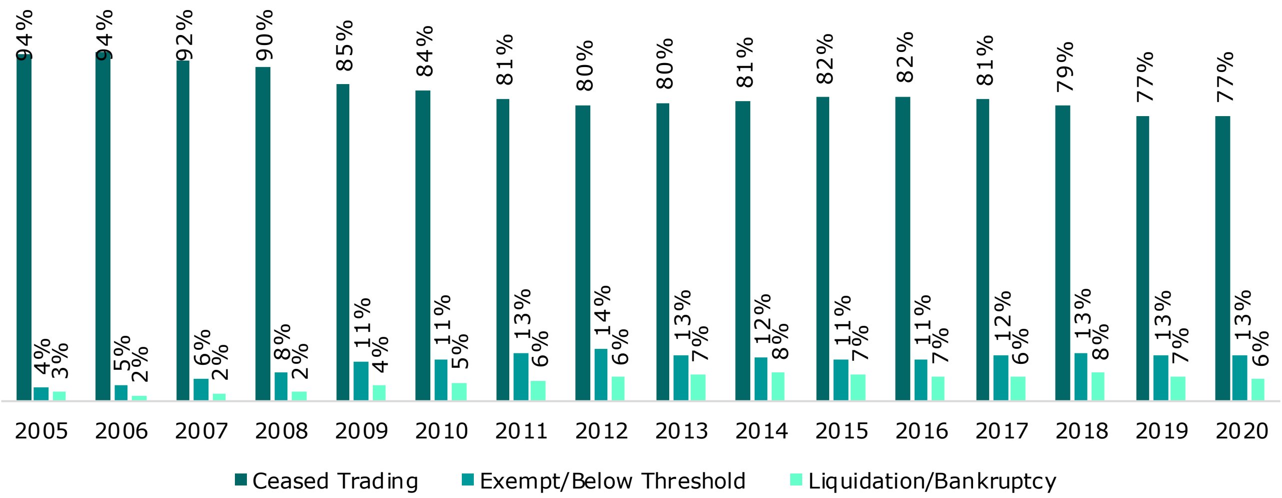
Year	Registered Traders*	New/Re-Registered	Cancellations	Net Growth	Active Traders**
2005	255,800	38,460	23,430	6%	216,610
2006	273,470	43,520	25,850	7%	234,030
2007	285,950	39,160	26,990	5%	243,430
2008	286,780	28,660	28,210	0%	238,000
2009	275,680	22,000	33,400	-4%	220,390
2010	268,620	22,940	30,590	-3%	210,500
2011	258,040	21,950	32,730	-4%	203,620
2012	248,560	23,220	33,000	-4%	198,370
2013	244,910	22,350	26,340	-1%	196,270
2014	245,970	24,020	23,360	0%	197,560
2015	249,810	24,740	21,180	2%	200,880
2016	251,990	26,070	24,130	1%	205,290
2017	255,360	25,700	22,560	1%	209,980
2018	260,060	25,560	21,140	2%	213,630
2019	255,710	24,500	29,110	-2%	217,230
2020	263,590	24,170	16,250	3%	197,400

Source: Revenue analysis. Note: * as of 31 December; ** VAT3 return filed with at least one VAT transaction.

A significant number of VAT registered traders are not actively trading in the supply of taxable goods, based on regular filing of their "VAT3" returns (final column of Table 3). Using this definition of activity, the figures for 2020 are 17 per cent below their highest level in 2007. While total registered traders increased in 2020, the number of active traders dropped by 10 per cent.

The most common reason for the cancellation of a VAT registration is a business ceasing trading, followed by a reduction in a business turnover (falling below the VAT registration threshold) or going into liquidation. Other reasons such a compulsory deregistration and case mergers make up a small proportion of cancelled cases.

Figure 4: Reasons for VAT Deregistration



Source: Revenue analysis.

Since June 2019, taxpayer must specify whether they wish to apply for a 'domestic-only' or 'intra-EU' VAT registration, to facilitate a speedier registration process for businesses seeking a domestic-only registration.[5] It also mitigates risks associated with missing traders involved in fraudulent cross-border transactions. Of the 24,170 new or re-registrations in 2020, 16,030 were domestic only with the remaining 8,140 for intra-EU.

3.2 Types of Trader

Different types of businesses are registered for VAT as shown in Table 4. Companies are the largest category (increasing by 42 per cent since 2005). The number of VAT registered sole traders peaked in 2007 and declined each year up to 2020, when a small year-on-year increase was recorded. The overall 2020 increase is driven by companies. The largest growth rate is within the Unincorporated Body segment, increasing by around 300 per cent since 2005.

Table 4: VAT Registration by Business Type

Year	Company	Individual	Partnership	Trust	Unincorporated Body	Total
2005	109,741	124,607	19,873	253	1,322	255,796
2006	115,538	133,548	22,848	331	1,203	273,468
2007	122,026	137,673	24,631	354	1,267	285,951
2008	125,189	135,121	24,762	382	1,326	286,780
2009	123,940	126,304	23,765	367	1,306	275,682
2010	124,478	119,681	22,769	380	1,312	268,620
2011	122,567	112,356	21,376	397	1,345	258,041
2012	122,347	103,279	20,202	445	2,289	248,562
2013	122,537	99,205	19,378	662	3,129	244,911
2014	125,468	97,405	18,348	683	4,064	245,968
2015	130,014	96,510	17,841	685	4,764	249,814
2016	134,831	94,256	16,819	682	5,401	251,989
2017	140,326	92,620	16,060	698	5,659	255,363
2018	146,560	91,960	15,245	718	5,576	260,059
2019	148,689	87,753	13,564	686	5,021	255,713
2020	156,361	88,435	13,289	689	4,812	263,586

Source: Revenue analysis.

3.3 Trader Sector

The distribution of VAT registered traders by sector (using the NACE classification system) is shown in Table 5 and Figure 5 shows this segmented by business type. *Construction*, *Professional & Technical* and *Wholesale & Retail Trade* are the sectors with the highest numbers of registered traders but the order of these varies by business type.

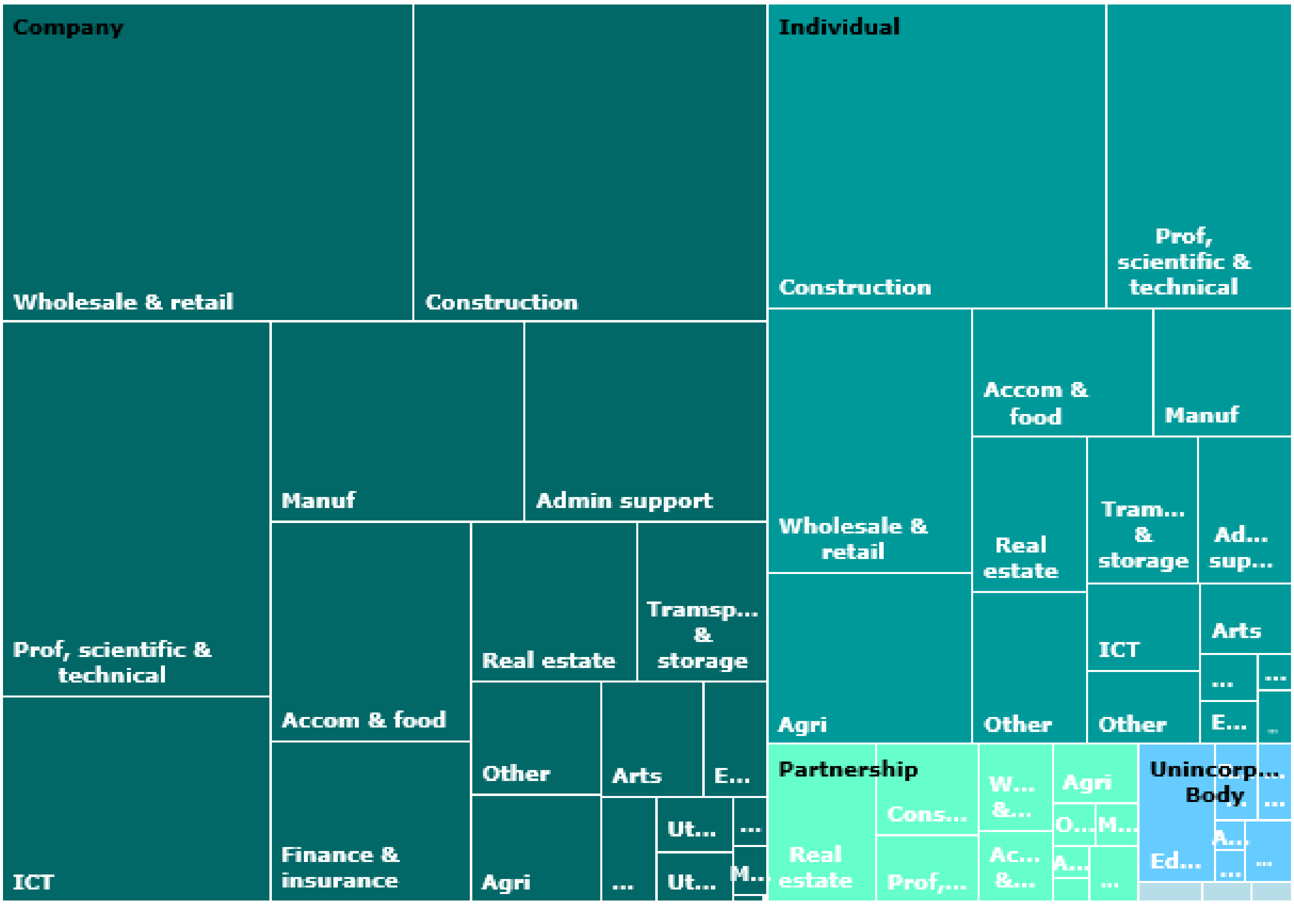
[5] For pre June 2019 registrations, these are automatically treated as having intra-EU status unless the taxpayer has advised Revenue of a decision to opt for domestic-only.

Table 5: VAT Registrations by Sector

Sector	Registrations at end 2020	+/- 2019	New in 2020	Cancellations in 2020
Accommodation & Food	16,570	2%	350	1,240
Activities of Households	1,990	-13%	1,330	670
Administrative & Support	14,460	3%	800	840
Agri, Forestry & Fishing	12,340	3%	440	420
Arts, Entertainment	4,560	2%	4,630	310
Construction	51,480	4%	370	2,750
Education	4,670	4%	120	170
Utilities	960	11%	1,000	20
Financial & Insurance	8,070	6%	370	560
Human Health	2,100	9%	1,700	180
Info & Communication	14,940	4%	1,450	1,160
Manufacturing	16,030	5%	40	660
Mining & Quarrying	440	3%	860	20
Other Service Activities	7,860	3%	3,660	640
Prof, Scientific & Tech	37,340	4%	170	2,290
Public Administration	1,240	-5%	920	230
Real Estate	14,950	-2%	790	1,260
Transportation & Storage	8,630	4%	90	470
Water Supply & Sewerage	1,190	2%	3,580	40
Wholesale & Retail Trade	43,750	3%	350	2,490
Other	20	14%	-	10
Total	**263,590**	**3%**	**24,170**	**16,280**

Source: Revenue analysis.

Figure 5: VAT Registrations by Business Type in 2020



Source: Revenue analysis.

3.4 Trader Location

Using the registered address associated with each VAT registered trader on Revenue records, the distribution of traders across Ireland is provided in Table 6. It should be noted that a business may have a headquarter location registered for VAT, which can account for the VAT of several affiliated businesses or linked activities distributed across multiple counties.

Table 6: Location of Registered VAT Traders 2020

County	Total Registered	New /Re-Registrations	Cancellations
Carlow	2,930	260	150
Cavan	3,750	300	200
Clare	6,520	560	330
Cork	27,960	2,140	1,870
Donegal	7,260	680	350
Dublin	84,530	8,850	6,170
Galway	12,560	1,070	750
Kerry	7,430	580	410
Kildare	11,230	1,030	660
Kilkenny	4,710	390	240
Laois	3,350	340	170
Leitrim	1,760	120	60
Limerick	8,650	740	580
Longford	1,910	150	120
Louth	6,150	540	320
Mayo	5,990	420	270
Meath	10,280	1,000	610
Monaghan	3,270	240	160
Offaly	3,270	290	170
Roscommon	2,950	230	150
Sligo	3,020	210	130
Tipperary	7,380	600	350
Waterford	5,460	460	320
Westmeath	4,340	370	230
Wexford	8,340	660	440
Wicklow	8,090	690	480
Other/Foreign	10,500	1,270	620
Total	**263,590**	**24,170**	**16,280**

Source: Revenue analysis.

The county with the largest net increase in VAT registration numbers in 2020 is Laois (5.3 per cent), followed by Donegal (4.8 per cent). The largest net increase of VAT registrations is in "Other/Foreign" (8.0 per cent), these traders are mainly non-resident traders having no physical establishments within Ireland. For example, a business in another EU Member State supplying goods/services to non-taxable persons in Ireland is required to register for VAT where the value of these supplies excessed a specific threshold. Another significant cohort are within the construction sector, with a large proportion resident in Northern Ireland. Several initiatives have been carried out by Revenue to identify distance sellers, ensuring that these businesses register for VAT and account for their VAT liabilities within Ireland (see Box 5 also).

3.5 Returns

VAT registered traders typically elect to file their periodic "VAT3" return every two months or, where certain criteria are met and authorisation is granted by Revenue, on a four, six- or twelve-monthly basis. Such traders have an annual turnover below a specific threshold, the exception being a proportion of the twelve-month filers who opt to spread their monthly payments evenly over the year by direct debit.[6]

Over half of traders file their VAT3 returns on a two monthly basis and pay the majority (90 per cent) of VAT. These businesses also account for 97 per cent of VAT repayments made to businesses regarding their input costs. The largest proportion of repayments relative to payments are among traders who file VAT3 returns on a four-monthly basis.

Table 7: VAT Return Frequency and Share of Payments/Repayments

VAT3 Filing	Share of Traders	Share of Payments	Share of Repayments
Two Monthly	56%	90%	97%
Four Monthly	23%	4%	2%
Six Monthly	12%	2%	1%
Twelve Monthly	9%	4%	<1%

Source: Revenue analysis.

3.6 Cash Based Accounting

There are two methods of accounting for VAT: invoice basis and money received basis. Around 70 per cent of traders apply to register on a money received basis (also known as receipts or cash basis). Under this option, a trader accounts for VAT when a payment is received from a customer however, they can still claim a VAT input credit on receipt of an invoice. The remaining traders use the invoice basis for accounting (accrual accounting), where a trader accounts for VAT when they issue an invoice (irrelevant of when they receive payment from the customer).

Table 8: Accounting Basis

Accounting Basis	Share of Traders	Share of Payments	Share of Repayments
Cash Basis	70%	28%	19%
Invoice	30%	72%	81%

Source: Revenue analysis.

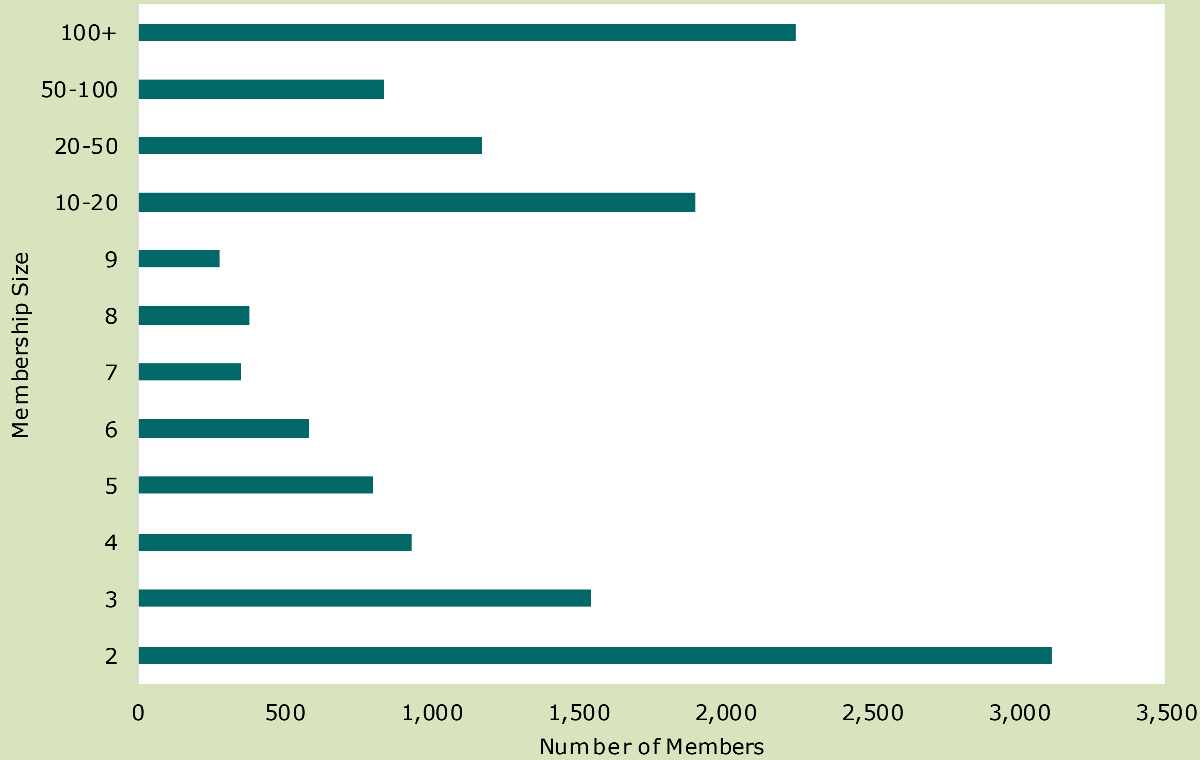
[6] A number of traders also receive VAT repayments on a monthly basis, typically these traders are registered with Revenue as being in a net VAT repayment situation. These traders file a VAT3 return along the periodic VAT return cycles where the actual liabilities can be observed.

Box 3: Group Remitters

Many closely bound businesses can form a group registration where the entire group is treated as a single accountable entity. One of the members of the group is established as the group remitter and the other members are established as group non–remitters. Each member of the group is VAT registered but typically only the group remitter files the VAT return and payment.

A group can have as few as two members or as many as several hundred, but at least one member must be an accountable person. The members of the VAT group can act independently but all members are jointly liable for any VAT liabilities arising from the group. The members of the group are not necessarily jointly submitting other tax payments such as Corporation Tax, employer returns, Custom duties or Excise and the membership can span across multiple economic classification sectors.

In 2020 there were 14,150 VAT registered traders who were members of a VAT group remitter scheme. Of these, there were 2,910 VAT remitters.



Source: Revenue analysis.

4 Receipts

4.1 Composition of Receipts

Ireland collects VAT from three main sources.

The largest share of VAT (85 per cent of net receipts in 2020) is collected by traders on the value of goods and services supplied to their customers. This is adjusted to account for any VAT incurred on the businesses' input costs. This source is referred to as "Internal VAT" and the trader submits this liability on their VAT3 tax return (Section 3.5).

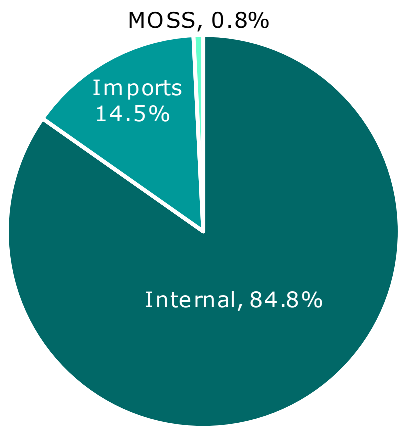
The second largest source is VAT collected on imported goods from third countries. VAT on imports accounted for 15 per cent of receipts in 2020, it is more volatile than internal VAT. Third country imports differ from intra-community acquisitions, as the latter do not incur VAT at point of entry. Traders are required to account for Irish VAT that would have been incurred on these goods though the reverse charging mechanism.[7]

The third source is VAT collected on the supply of telecommunications, broadcasting and electronic ("TBE") services under the VAT Mini One Stop Shop ("MOSS") scheme. MOSS allows a TBE supplier to register, file a quarterly return and pay VAT in its chosen EU Member State. The supplier avoids having to register and account for VAT in all Member States to which they make TBE supplies. For the period 2015 to 2018, the Member State of registration retained a percentage of the VAT collected for other Member States.[8]

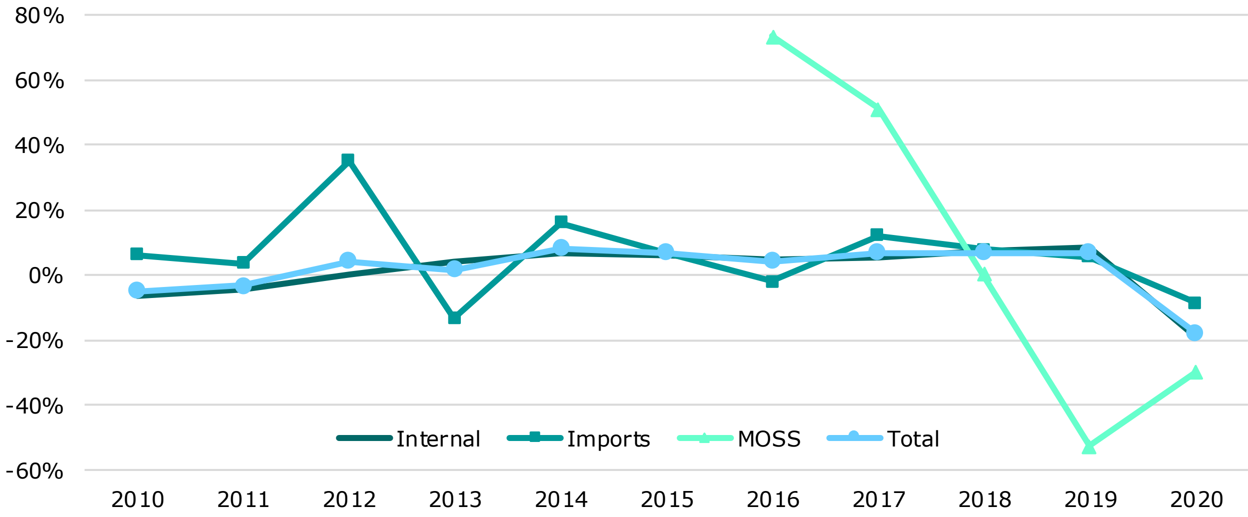
Figure 6 shows the breakdowns of receipts by source and their growth patterns. The following sections discuss each in more detail.

[7] Since 1 January 2021 "postponed accounting" for VAT on imports (for all third countries, including Great Britain but not Northern Ireland) is available to all VAT registered traders. Postponed accounting arrangements enable an accountable person to self-account for VAT on imports on their VAT3 return so that import VAT may, subject to the usual rules on deductibility, be reclaimed at the same time as it is declared on a VAT3 return.
[8] 30% in 2015-2016 and 15% for 2017-2018 for the MOSS Union scheme. The Non Union scheme applies for taxable persons with no establishment within the EU and there is no retention fee in the non-Union scheme.

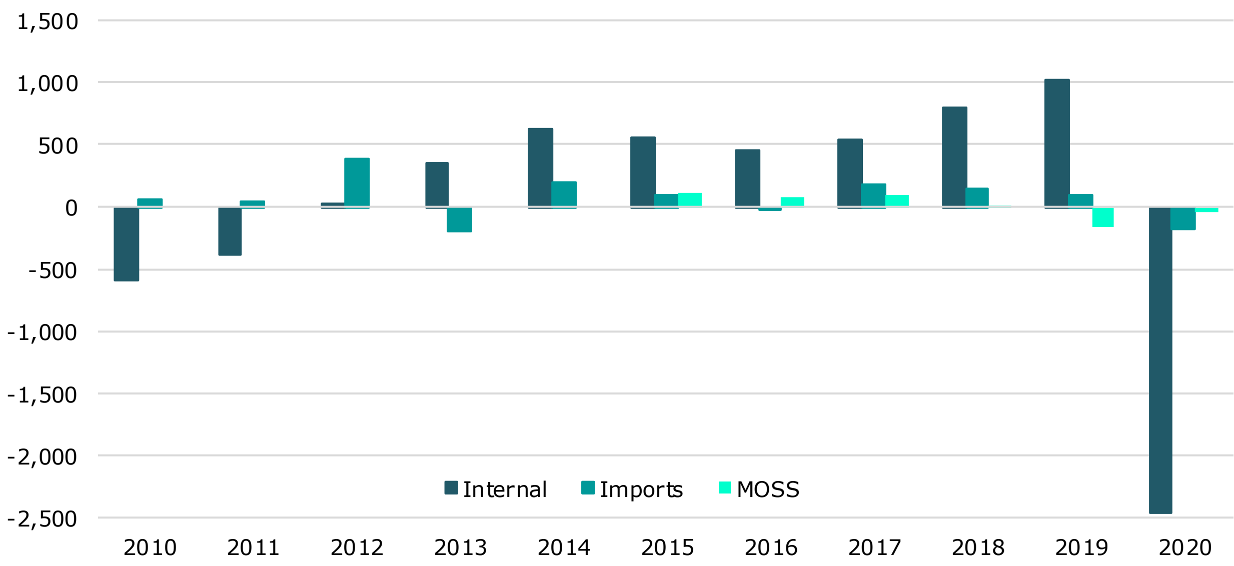
Figure 6: Composition of VAT Receipts



% Annual Change in Receipts by Source



Contributions to Annual Change in Receipts by Source (€ millions)

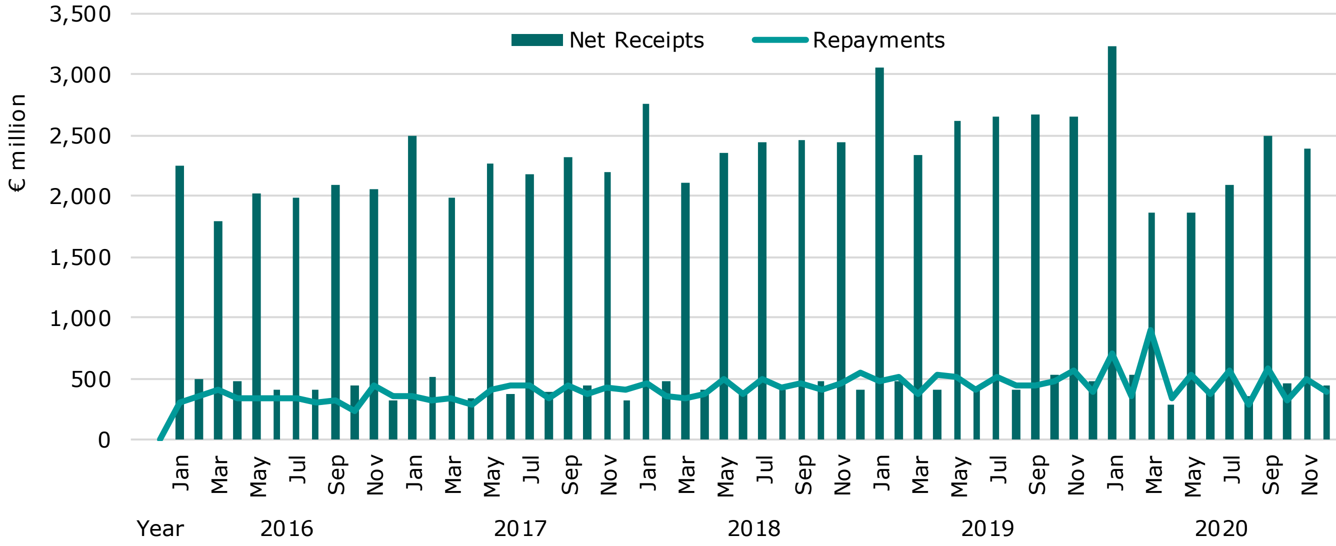


Source: Revenue analysis.

4.2 Internal VAT

Figure 7 shows gross internal VAT receipts by month, split into net receipts and repayments. Seasonal patterns (discussed further in Section 4.5) are highly evident, with peaks each January. The impact of two monthly filing on net receipts is clear, with negligible net receipts in "non-due" months (where two monthly VAT3 are not due). Repayments are less impacted by seasonality or timing issues, with their amounts more stable month on month (repayments are discussed further in Section 5).

Figure 7: Internal VAT Receipts



Source: Revenue analysis.

4.3 VAT on Imports

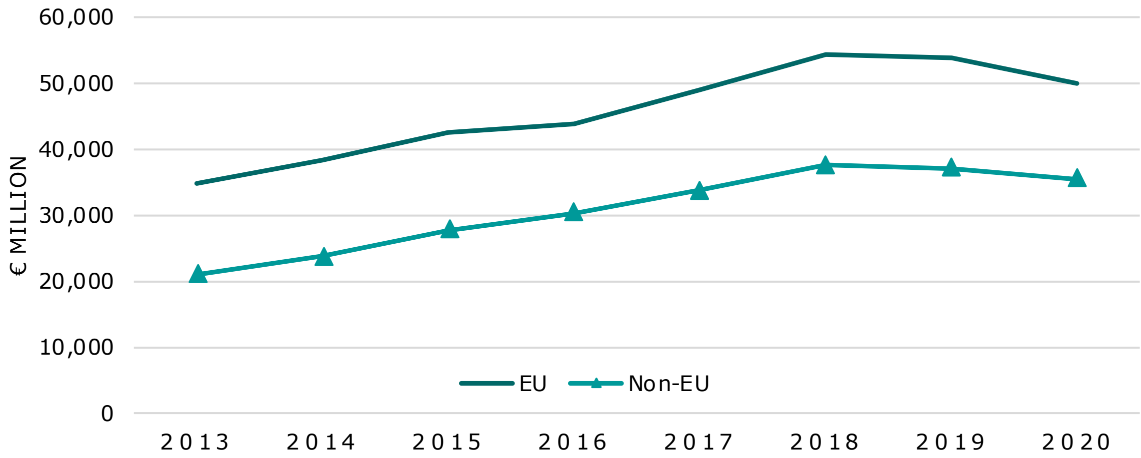
VAT on imports is split across VAT at the Point of Entry ("VPE") and ex-warehouse. In some cases, where a product is held in a tax warehouse (also known as an Excise or bonded warehouse), the VAT is paid as the product leaves the warehouse.

VPE is the VAT paid at the point of entry into the State of an import from a third (non-EU) country. The bulk of VAT on imports arises from VPE, this category also features a higher degree of variation on monthly trends, compared to VAT ex-warehouse.

The VAT rate that is charged on imports is dependent on the type of goods imported and their intended use. For example, pharmaceuticals and food attract a zero rate of VAT while goods that are not for home consumption (i.e., to be processed and exported out of the EU) also attract zero VAT. Data from the CSO indicate that in 2020 close to €35 billion worth of goods were imported from third countries, while the VAT collected on imports was just under €1.6 billion, with an effective VAT rate of 4.5%.

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

Figure 8: Goods Imports by Region



Source: Revenue analysis of CSO data.

Table 9: VAT on Third Country Imports

Import Heading	2017 €m	2018 €m	2019 €m	2020 €m
Reactors, boilers, machinery and mechanical appliances	215.6	225.6	222.9	269.9
Optical, photographic, medical or surgical instruments	33.3	33.4	133.7	208.7
Electrical machinery and equipment	126.0	152.8	213.8	199.8
Mineral fuels, mineral oils and products	300.9	371.4	378.5	198.1
Pharmaceutical products	61.3	58.7	85.7	91.9
Plastics and articles thereof	46.2	52.1	71.7	79.1
Organic chemicals	17.2	28.6	44.8	64.2
Vehicles	67.6	72.7	72.2	63.1
Furniture; bedding, prefabricated buildings	44.2	46.8	56.8	50.7
Articles of apparel and clothing accessories knitted	60.5	58.8	65.3	45.7
Ores, slag and ash	46.4	49.6	48.2	39.8
Articles of iron or steel	34.8	29.0	41.5	35.9
Articles of apparel and clothing accessories, not knitted	43.8	42.1	46.5	33.7
Other made up textile articles; sets;	18.6	19.2	21.5	32.2
Rubber and articles thereof	21.6	22.6	24.5	25.7
Toys, games and sports requisites; parts and accessories	21.6	24.8	26.0	24.6
Wood and Articles of wood; wood charcoal	19.3	18.3	23.1	18.4
Paper and paperboard; articles of paper pulp,	18.6	20.0	22.3	18.0
Clocks and watches and parts thereof	1.0	0.8	3.5	14.3
Miscellaneous chemical products	3.3	3.9	8.2	14.0
Aircraft, spacecraft, and parts	13.9	2.5	2.3	12.1
Glass and glassware	8.2	6.7	10.4	11.1

Source: Revenue analysis.

Box 4: VIES and Intrastat

VAT registered traders involved in the acquisitions of goods and intra-community supplies have additional reporting responsibilities in the following regimes.

VAT Information Exchange System ("VIES")

VIES provides a mechanism whereby checks can be made in each EU Member State on the validity of claims to zero-rating. It helps to detect unreported movements of zero-rated goods between Member States. VIES enables traders to confirm the VAT registration numbers of their customers in other Member States. This allows traders to check the validity of VAT numbers quoted to them. The VIES system applies to intra-EU trade only.

Intrastat

Intrastat is a system for collecting statistics on the movement of goods, not services, between Member States of the EU. The general concept of intra-EU trade statistics is independent from the ownership of the goods. It concerns only their physical movement.

VIES EU Trade 2020

Trading Partner	Goods €m		Services €m		Traders	
	Exports	Imports	Exports	Imports	Exports	Imports
Austria	285	229	545	1,401	2,060	5,940
Belgium	12,530	1,948	3,940	2,634	3,990	14,940
Bulgaria	93	42	220	190	930	2,300
Cyprus	22	5	1,161	680	910	1,330
Czech	315	547	1,022	676	2,020	6,630
Germany	13,145	4,229	4,565	15,238	6,650	50,540
Denmark	521	544	965	2,444	2,900	10,100
Estonia	12	1	3	104	750	1,540
Greece	1,109	64	302	192	1,250	1,900
Spain	3,166	1,293	2,414	3,660	4,050	19,760
Finland	266	181	1,508	1,330	1,890	3,050
France	5,839	2,334	5,635	8,345	5,670	19,660
Great Britain	10,265	13,577	28,104	21,642	23,810	208,140
Croatia	36	19	48	138	690	1,030
Hungary	180	257	365	579	1,470	2,730
Italy	2,708	1,056	1,634	3,807	3,890	19,190
Lithuania	35	21	34	178	890	2,820
Luxembourg	230	31	5,079	2,567	1,350	4,410
Latvia	40	58	56	204	640	1,510
Malta	46	3	133	1,277	1,090	1,280
Netherlands	6,115	4,364	14,725	8,962	6,140	48,590
Poland	800	706	1,246	1,547	2,860	16,860
Portugal	257	261	402	584	1,890	5,270
Romania	283	66	404	380	1,300	2,590
Sweden	605	312	1,649	3,191	3,010	7,660
Slovenia	96	37	76	210	850	1,430
Slovakia	80	55	259	202	1,010	1,960

Source: Revenue analysis.

4.4 VAT MOSS

As of the end of 2020 there were 638 businesses in Ireland supplying TBE services to other EU Member States using the MOSS scheme. The value of TBE services supplied between 2015 and 2020 was €45 billion, approximately 3 per cent of businesses accounted for 90 per cent of the total value of sales in 2020. These sales do not include supplies to Irish consumers.

Table 10: Value of Export Sales

Year	Sales €bn	Number of Businesses
2015	2.53	217
2016	3.77	252
2017	7.22	300
2018	8.56	359
2019	10.67	491
2020	12.16	638

Source: Revenue analysis.

There were 283 new registrations in 2020. Of these new registrations, 237 were for companies based outside the EU, with the USA accounting for 60 per cent. The remaining 46 were companies within the EU (including Ireland).

Table 11: Number of New MOSS Registrations

Year	Non-EU	EU
2015	136	210
2016	55	52
2017	79	41
2018	131	52
2019	247	34
2020	237	46

Source: Revenue analysis.

As mentioned in Section 4.1, under EU rules during the period 2015 to 2018 Ireland was entitled to retain a portion of payments to other Member States being paid through the Irish system. The final retention fee payments through the MOSS system for 2018 were received in early 2019. In these four years of operation, the Irish Exchequer received €809 million in retention fees. In the five years since the introduction of VAT MOSS Ireland has received payments of €339 million from other Member States (after they applied their own retention fees) on traders supplying Irish consumers elsewhere in the EU.

Table 12: VAT MOSS Receipts

Year	Retention in Ireland €m	From Other Member States €m
2015	88.2	25.4
2016	155.6	41.8
2017	255.1	42.6
2018	242.2	56.3
2019	67.57	73.4
2020	0*	99.29
Total	**809**	**339**

Source: Revenue analysis. *Retention payments ceased in 2018. Note: figures for 2020 are provisional.

Box 5: Distance Sellers

Distance sales are defined as those when a supplier dispatches goods to a non-VAT registered entity (e.g., private consumers) in another EU Member State. They include online sales, mail order and telephone sales of physical goods. Digital goods do not come under the scope of distance sales as they are services and are dealt with separately under the VAT MOSS system. Excisable products and new vehicles are excluded under this definition.

Distance Selling to Irish Customers

A distance seller must register and account for Irish VAT on goods sold when their distance sales to Ireland exceed €35,000 in a calendar year. Registration is optional for distance sellers under this threshold.

Distance Selling by Irish Suppliers

Irish suppliers of goods to non-VAT registered customers in other EU Member States are obliged to charge Irish VAT on these goods up to the threshold of €35,000. If the sales of goods exceed this threshold in one or more Member States, the Irish supplier must register and account for VAT at the appropriate rates in the relevant Member State(s). The value of sales must also be recorded on the Irish VAT return.

The number of and value of VAT paid by registered distance sellers into Ireland has increased over recent years in line with online sales growth and in response to several interventions carried out by Revenue.

Registered Distance Sellers and VAT Collected in Ireland

Year	VAT Collected €m	Number of Traders
2014	37.7	406
2015	49.2	487
2016	60.6	581
2017	72.3	688
2018	93.5	790
2019	114.0	911
2020	184.0	946

Source: Revenue analysis.

4.5 Seasonality

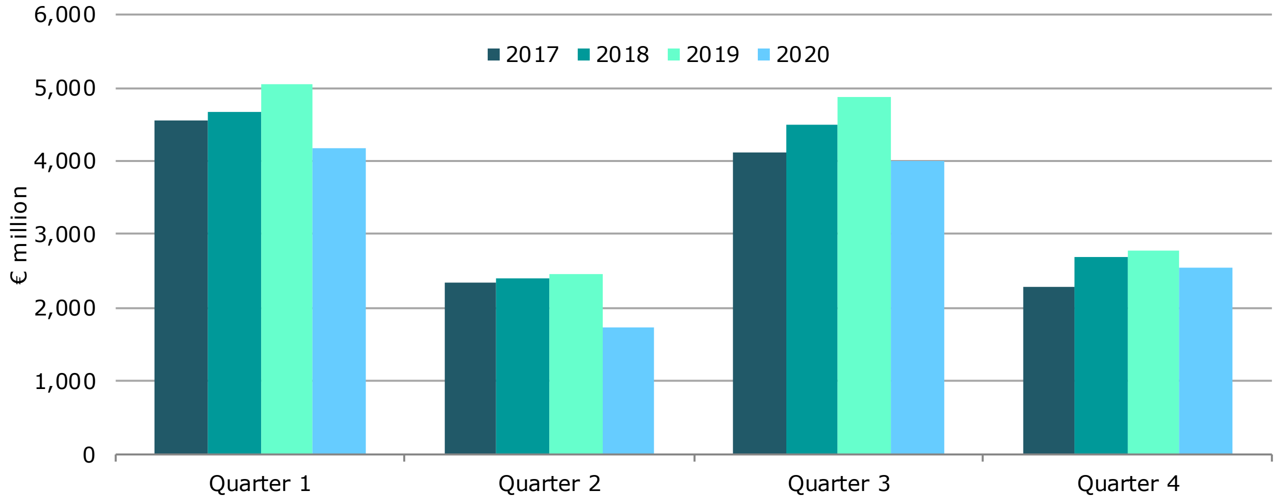
VAT receipts demonstrate a high degree of seasonality, with most VAT returns filed on a two monthly basis. For example, receipts received with returns filed in January largely relate to the November/December liability period (traditionally the time of year with the highest consumer spending). As Figure 9 shows, this pattern is stable across years.

Table 13: Net VAT Position by Quarter in 2020

Quarter	Net Receipts €m	Year on Year Difference %
1	4,174	-17%
2	1,742	-30%
3	4,002	-18%
4	2,545	-8%

Source: Revenue analysis.

Figure 9: Quarterly VAT Receipts



Source: Revenue analysis.

4.6 Receipts by Sector

Table 14 shows internal VAT receipts broken down by sector of the trade. The largest sectors in 2020 were *Wholesale & Retail Trade*, *Professional, Scientific & Technical*, *Information & Communication* and *Manufacturing*. This differs from VAT registrations (Section 3.3) where *Construction* is the largest in terms of numbers but low in relation to the value of payments.

The largest sectoral decreases in VAT receipts during 2020 were in those sectors most impacted by the COVID-19 pandemic: *Construction, Arts, Entertainment & Recreation* and *Accommodation & Food Service*. Overall, receipts from nearly all sectors were impacted by the pandemic.

Using information contained within the RTD (for those traders who filed an accurate RTD in 2019 and in 2020), Table 15 shows an estimate of reduced sales for the year. The *Accommodation & Food Service, Arts, Entertainment & Recreation* and *Other Services* sectors showed the largest decline in sales in 2020 relative to 2019.[9]

The impact of rate changes (Section 2) should also be considered when reviewing receipts.

[9] Construction is not included here due to Relevant Contracts Tax – see Box 6.

Table 14: Internal VAT – Receipts by Sector

Sector	2019 €m	2020 €m	+/- 2019
Wholesale & Retail Trade, Repair of Motor Vehicles & Motorcycles	5,390	5,098	-5%
Professional, Scientific & Technical Activities	2,033	1,730	-15%
Information & Communication	765	525	-31%
Manufacturing	648	498	-23%
Real Estate Activities	740	489	-34%
Administrative & Support Service Activities	608	460	-24%
Accommodation & Food Service Activities	898	363	-60%
Electricity, Gas, Steam, & Air Conditioning Supply	315	335	6%
Public Administration & Defence, Compulsory Social Security	405	289	-29%
Transportation & Storage	291	264	-9%
Financial & Insurance Activities	428	258	-40%
Other Service Activities	181	148	-19%
Education	111	99	-11%
Human Health & Social Work Activities	74	81	9%
Arts, Entertainment & Recreation	90	36	-61%
Water Supply, Sewerage, Waste Management & Remediation Activities	23	30	30%
Activities of Households as Employers	24	17	-29%
Construction	165	2	-99%
Other	3	-2	-180%
Mining & Quarrying	-3	-10	223%
Agriculture, Forestry & Fishing	-60	-76	25%
Total	**13,127**	**10,632**	**-19%**

Source: Revenue analysis.

Table 15: Estimated Change in Sales in 2020 (compared to 2019)

Sector	Estimated Change in Sales
Accommodation & Food Service Activities	-27%
Activities of Households as Employers	-5%
Arts, Entertainment & Recreation	-25%
Information & Communication	-3%
Other Service Activities	-16%
Wholesale & Retail Trade, Repair of Motor Vehicles & Motorcycles	-4%
Accommodation & Food Service Activities	-27%
Activities of Households as Employers	-5%
Arts, Entertainment & Recreation	-25%
Information & Communication	-3%
Other Service Activities	-16%
Wholesale & Retail Trade, Repair of Motor Vehicles & Motorcycles	-4%

Source: Revenue analysis.

Table 16 shows VAT on imports (VPE and ex-warehouse) by sector based on the economic activity of the trader. The largest sectors in 2019 are *Wholesale & Retail Trade*, *Manufacturing* and *Information & Communication*, accounting for over 90 per cent of these receipts.

The manufacturing sector paid more in VAT on imports than in internal VAT. This can be explained in part though zero-rated exports and the recovery of this VAT paid on imports through the internal VAT system (VAT3).

Table 16: VAT on Imports – Receipts by Sector

Sector	2017 €m	2018 €m	2019 €m	2020 €m	+/- 2019
Manufacturing	557.6	650.7	906.4	902.3	0%
Wholesale & Retail Trade	595.0	637.4	748.1	639.5	-15%
Information & Communication	103.2	97.3	42.4	43.9	3%
Public Administration	2.8	5.6	4.9	24.3	395%
Construction	15.2	13.4	14.3	22.2	55%
Professional, Scientific & Technical Activities	10.7	12.5	17.5	20.3	17%
Administrative and Support Service Activities	20.5	16.7	19.2	15.8	-18%
Transportation & Storage	16.5	6.8	8.6	10.9	27%
Financial and Insurance Activities	2.9	3.9	9.0	7.7	-15%
Other Service Activities	6.6	6.0	6.8	6.2	-9%
Electricity, Gas, Steam & Air	14.8	12.4	9.1	4.5	-50%
Other (Remaining sectors)	12.5	14.0	15.3	15.5	1%
Total	**1,358**	**1,477**	**1,801**	**1,713**	**-5%**

Source: Revenue analysis.

VAT on the sales of Excisable products is an important component of VAT receipts. Data on Excise clearances are used to estimate the VAT receipts from these commodities and the impact on 2020 receipts is shown in Table 17. The COVID-19 pandemic impacted consumption of many of these commodities. Alcohol sales shifted to predominantly off-trade sales, there was a significant fall in motor fuel consumption and new car sales were impacted in Q2 and Q3 of 2020. In total the change in these commodities reduced VAT receipts by around €410 million compared to 2019.

Table 17: Excisable Commodity Impact on VAT Receipts in 2020

	Quantity 2019 Million litres*	Quantity 2019 Million litres*	Estimated Impact on VAT Receipts €m	Estimated Impact on VAT Receipts %
Alcohol				
Beer	18.9	15.6	-163.0	-29.7%
Wine	92.5	103.6	+31.0	10.4%
Spirits	8.8	8.9	-14.4	0.0%
Cider	63.2	56.0	-13.7	-18.1%
New Car Sales	2,370	1,920	-105.0	-19.0%
Motor Fuel				
Petrol	1,043	773	- 80.1	-27.0%
Diesel	3,679	3,167	-111.4	-35.0%
Other	2,163	2,393	+47.4	-10.0%

Source: Revenue analysis. *Value for new car sales.

Box 6: Construction, Relevant Contracts Tax and Property Sales

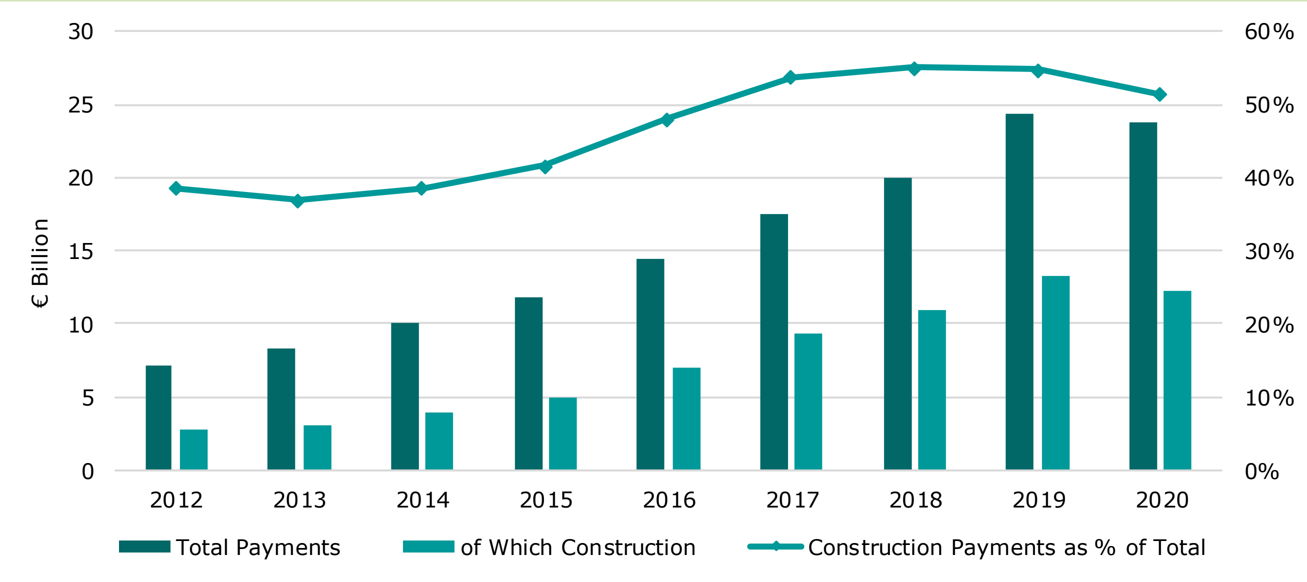
The construction industry accounted for more than two thirds (67.9 per cent) of all principal contractors registered for Relevant Contracts Tax ("RCT") in 2020. *Education* and *Manufacturing* accounted for 8.6 per cent and 6.2 per cent respectively. The remaining 17.3 per cent was comprised of all other sectors.

In the construction industry, the principal contractor is responsible for calculating and paying the VAT due on construction services supplied by subcontractors (VAT reverse charging). It applies to subcontractors involved in the construction industry only.

Some principals in the construction industry may also be subcontracting, in addition to carrying out work on their own account. Therefore, an analysis of RCT and VAT data may not produce identical results when analysed using principal contractors and subcontractors alternately as the primary variables.

In 2020, 25,070 principal contractors registered across all sectors made payments totalling €23.8 billion to subcontractors. Payments in value terms had been growing since 2013 but dropped slightly in 2020 (down from €24.3 billion in 2019).

Payments by Principal Contractors



Source: Revenue analysis. Note: "Construction" here includes only principals whose sole activity is recorded as construction, it does not include those with construction as well as other activities.

Of the VAT paid by the construction sector in 2020 (Table 14), RCT traders made payments of €620 million and claims for repayments of €702 million. Non-RCT traders made up the additional VAT. Repayments to the construction sector in 2020 totalled €908 million across 17,000 claimants.

In addition to the RCT system, VAT is payable on the sale of a newly completed property (it does not apply to second-hand property). The Table below shows the VAT on property since 2016.

VAT on Property

Year	Receipts €m
2016	236
2017	355
2018	452
2019	471
2020	404

Source: Revenue analysis.

4.7 Concentration and Distribution of Receipts

Previous Revenue analysis has noted the concentration of Corporation Tax receipts among a relatively small number of cases. To a lesser degree, some concentration exists also in VAT.

Taxpayers in Revenue's Large Corporates Division ("LCD"), which has responsibility for managing the tax affairs of the largest taxpayers, accounted for 1.5 per cent of VAT traders making payments, 38 per cent of payments and 45 per cent of repayments in 2020.

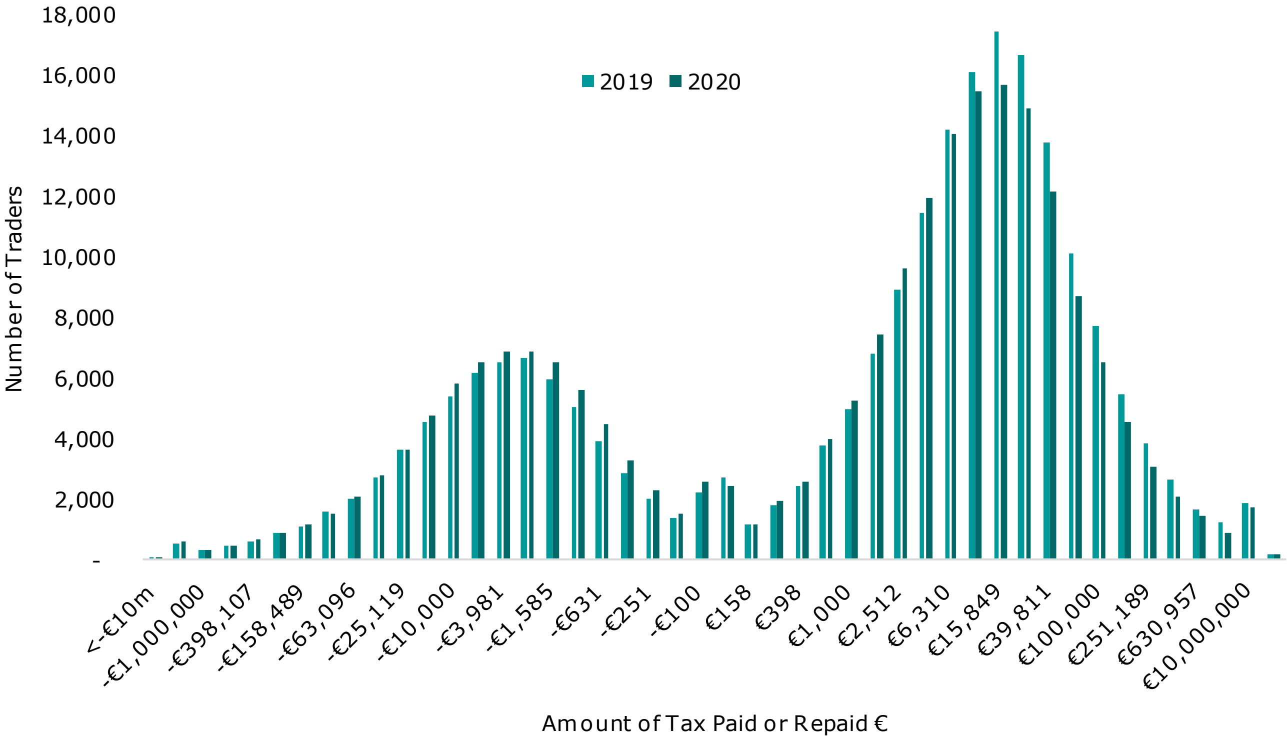
Table 18: VAT Payments/Repayments by Revenue Division

Revenue Division of Trader	Payments				Repayments			
	2019 €m	2020 €m	2019 Number	2020 Number	2019 €m	2020 €m	2019 Number	2020 Number
Business	4,907	4,122	170,587	161,304	-1,046	-1,166	86,826	94,774
High Wealth	27	22	280	264	-6	-2	120	107
Large Corporates	6,987	6,253	2,529	2,574	-2,495	-2,635	2,418	2,596
Medium Enterprises	6,699	6,038	10,662	10,487	-1,976	-1,999	5,762	6,243
Personal	37	35	2,909	2,156	-4	-7	479	508

Source: Revenue analysis. Note: Excludes VAT MOSS and repayments to unregistered traders.

Figure 10 shows the annual distribution of the total aggregated VAT liabilities for net payments and repayments. Around 30 per cent of traders were in a net repayment situation in 2020. Of traders making a payment, 80 per cent paid less than €40,000, with these traders accounting for just 7 per cent of the value of VAT payments in 2020. In general, the number of taxpayers making a payment fell across most of the distribution in 2020 (compared to 2019), while the number of taxpayers claiming a repayment increased across most of the distribution amounts.

Figure 10: Distribution of VAT Traders by Amount Paid



Source: Revenue analysis.

4.8 Warehousing of Tax Receipts

From March 2020, Revenue put a series of immediate measures in place to assist businesses experiencing trading difficulties caused by the impacts of COVID-19, including suspending the application of interest on late payments on January/February 2020 VAT and both February and March 2020 PAYE (Employers) liabilities. It was expected that these measures would be in place for the short-term but were ultimately extended for the duration of 2020, with the suspension of the application on late payments of VAT and PAYE (Employers) liabilities subsequently being incorporated into the Debt Warehousing Scheme. Under the Scheme, businesses can temporarily 'park' certain tax debts while trade is impacted by COVID-19 restrictions.

Throughout 2020, 24,900 business availed of the scheme where unpaid VAT liabilities amounted to over €1.1 billion. Table 19 shows the number of traders who availed of the scheme and the value of the VAT liabilities retained by the taxpayer. Some traders who initially availed of the Scheme were able to make some payments in later periods (and in 2021) in relation to their outstanding VAT liabilities. The *Wholesale & Retail*, *Professional Services* and *Accommodation & Food* sectors accounted for the majority of VAT liabilities warehoused.

Table 19: VAT Warehousing

Sector	Traders	Initial Unpaid Liability €m	Since Repaid €m	Currently Outstanding €m
Wholesale & Retail Trade	4,549	€420.8	€57.8	€363.0
Professional, Scientific & Technical Activities	3,158	€145.4	€24.7	€120.7
Information & Communication	902	€34.9	€5.9	€29.0
Manufacturing	1,354	€57.2	€7.1	€50.1
Real Estate Activities	788	€28.8	€2.6	€26.3
Administrative & Support Service Activities	1,146	€60.3	€4.7	€55.6
Accommodation & Food Service Activities	4,921	€156.6	€28.6	€128.0
Electricity, Gas, Steam, & Air Conditioning Supply	14	€0.9	€0.0	€0.9
Public Administration	44	€1.4	€0.4	€1.0
Transportation & Storage	854	€31.4	€4.3	€27.2
Financial & Insurance Activities	187	€19.5	€2.5	€17.0
Other Service Activities	1,611	€18.0	€5.6	€12.4
Education	214	€2.4	€0.4	€2.0
Human Health & Social Work Activities	163	€1.8	€0.3	€1.5
Arts, Entertainment & Recreation	680	€10.1	€1.1	€9.0
Water Supply, Sewerage, Waste Management	85	€1.7	€0.3	€1.4
Construction	3,381	€66.6	€8.7	€57.9
Other	138	€0.8	€0.1	€0.7
Mining & Quarrying	30	€1.2	€0.0	€1.1
Agriculture, Forestry & Fishing	669	€4.1	€0.6	€3.5
Total	**24,888**	**€1,063.7**	**€155.7**	**€908.1**

Source: Revenue analysis.

Box 7: VAT Gap

The "tax gap" describes the difference between a theoretical estimate of expected VAT revenue and the amount actually collected. A tax gap can arise from non-compliance but also insolvencies, bankruptcies, administrative errors, legal tax optimisation as well as miscalculations.

Since 2009 the European Commission has estimated measures of the VAT gap in each EU Member State and the EU as a whole. This VAT gap study employs a "top down" approach to measure the difference between the VAT collected and the estimated VAT that could be collected (VAT Theoretical Tax Liability or "VTTL") based on estimated economic activity in each country. The inputs for the calculations are taken from the various Member States' Own Resources statements (provided from Member States to the Commission – discussed in Box 2) and published National Accounts (e.g., exports and consumption data from the CSO in Ireland).

As this uses a top down methodology, based on aggregate information for each Member State (as opposed to a bottom up method using micro or case level data), the VAT gap estimation method is essentially the same for each Member State. It therefore allows only limited adjustments to be made for local factors, which can be significant.

Based on 2018 results (published September 2020), Ireland's VAT gap is estimated at 10.6 per cent for 2018 and projected to fall substantially to 5.9 per cent in 2019 based on preliminary data on increased revenues. The estimated gap for 2018 would represent about €1.7 billion in tax receipts.

From an overall EU perspective, the average VAT gap estimated for 2018 is 11 per cent. The overall EU VAT gap is estimated at €140 billion.

Out of 28 Member States, Ireland had the seventh highest standard rate of VAT but was positioned 19th highest when consideration for the overall weighted VAT rate is taken into account. This is attributed to Ireland having larger numbers of different VAT rates.

Ireland is estimated to have a VAT policy gap of 48 per cent. This measures the theoretical increase in VAT revenue that could be achieved were no reduced rates applied. The policy gap is decomposed into a rate gap (loss in VAT liability due to the application of reduced rates) of 12 per cent and an exemption gap (loss in liability due to implementation of exemptions) of 36 per cent.

The European Commission's 2019 VAT gap report (on the VAT in 2018) is published at:
https://ec.europa.eu/taxation_customs/sites/taxation/files/vat-gap-full-report-2020_en.pdf

5 Repayments

5.1 Repayments Overview

Repayments are frequent in VAT, usually arising where a trader has paid more on their purchases than charged VAT on sales to customers and are an intrinsic part of the tax.

A business may have significant spikes in output that are typically preceded by lower levels of sales activity. In such instances where a series of larger VAT repayment claims are made, this may temporarily reduce the VAT receipts in a given accounting period.

A small number of traders engage in business activities that are unlikely to generate VAT on sales. Examples are traders in the export industry, the food sector or supply of educational books.

Around 75,000 traders were in a net repayment position (and account for two thirds of the total value of VAT repayments). A significant amount of the VAT repayments for these traders is observed across the *Manufacturing* sector (these traders represent a small proportion of all traders across this sector).

Internal VAT repayment totalled €5.84 billion in 2020, up from €5.73 billion 2019 and €5.1 billion in 2018. VAT repayments have grown at a faster pace than that of payments since 2014. As Table 20 shows, the total number of claimants of VAT repayments has increased consistently since 2014 and the average repayment value also increased (with a small reduction in 2020). As well as the direct impact of the COVID pandemic leading to repayments, the increase in 2020 also reflects that Revenue reprioritised VAT repayments wherever possible. This was done to aid the cashflow of businesses struggling due to COVID.

Table 20: Repayment Numbers and Amounts

Year	Traders Filing a Claim	Total Claims Filed	Total Repayments Made	Average Value Claim*	Average Value Repayment*
2014	88,308	255,969	202,046	-€11,908	-€13,718
2015	89,706	261,545	208,594	-€13,699	-€15,603
2016	91,453	269,984	220,670	-€14,119	-€17,533
2017	93,123	278,487	230,762	-€16,102	-€19,063
2018	95,365	288,731	237,168	-€17,493	-€20,331
2019	95,737	293,280	258,216	-€18,797	-€21,239
2020	103,003	306,010	274,513	-€16,982	-€20,773

Source: Revenue analysis. Notes: internal VAT only (VAT3 returns); *Repayments including offsets.

Table 21 provides a sectoral breakdown of VAT internal repayments. *Manufacturing*, *Information & Communication* and *Construction* account for the largest shares of VAT repayments. As the table indicates, the change in their repayments in 2020 compared to 2019 is quite varied (more so than net receipts in Section 4.6), reflecting the disparate impacts of the pandemic on repayment levels.

Table 21: Repayments by Sector

Sector	2017 €m	2018 €m	2019 €m	2020 €m	+/- 2019
Manufacturing	-899	-967	-1,011	-1,006	0%
Information & Communication	-690	-725	-743	-990	33%
Construction	-674	-791	-951	-908	-5%
Wholesale & Retail Trade	-621	-658	-879	-801	-9%
Financial & Insurance Activities	-460	-463	-509	-604	19%
Professional, Scientific & Technical Activities	-269	-332	-466	-438	-6%
Administrative & Support Service Activities	-246	-270	-279	-256	-8%
Transportation & Storage	-194	-189	-196	-162	-17%
Agriculture, Forestry & Fishing	-112	-126	-143	-152	6%
Real Estate Activities	-52	-76	-80	-98	23%
Public Administration	-10	-15	-13	-75	477%
Accommodation & Food Service Activities	-51	-64	-60	-68	13%
Arts, Entertainment & Recreation	-18	-35	-35	-37	6%
Electricity, Gas, Steam, & Air Conditioning Supply	-24	-27	-35	-31	-11%
Mining & Quarrying	-20	-25	-27	-29	7%
Water Supply, Sewerage, Waste Management	-23	-27	-27	-20	-26%
Other Service Activities	-21	-17	-15	-16	7%
Human Health & Social Work Activities	-7	-5	-7	-5	-29%
Education	-5	-4	-4	-4	0%
Activities of Households as Employers	-5	-4	-4	-3	-25%
Activities of Extra Territorial Organisations and Bodies	0	0	0	0	0%
Total	**-4,401**	**-4,820**	**-5,484**	**-5,703**	**4%**

Source: Revenue analysis. Notes: internal VAT only (VAT3 returns); totals do not match as the figures quoted in the text as some sectors are not identified.

Analysis of VAT repayment claims by their size and the annual change in the size of large repayments shows that the top 1 per cent of claims (by value) account for the majority of all VAT repayments. This upper 1 percentile of has steadily increased, from 60 per cent of claims by value in 2014 to 66 per cent of claims by value in 2020, indicating that a larger number of higher value claims are been made. The top 10 per cent of claims account for close to 99 per cent of all VAT repayments in value terms.

5.2 Speed of Repayments

Table 22 shows the time taken by Revenue to make a repayment to the trader. Typically, just under 50 per cent of repayments are made within a month, with nearly 90 per cent within three months or less. The time taken is mainly associated with validation checks, requiring business to furnish the necessary supporting documentation to validate their claim. In 2020 to assist traders with cash flow, the time to process VAT repayments was reduced, with 70 per cent of repayments (by value) made within the same month of receipt of a claim.

Table 22: Speed of Repayments

Proportion of Claims

Year	Same Month	1-3 Months	4-6 Months	7-12 Months	Over 12 Months
2014	44%	36%	9%	8%	3%
2015	42%	36%	9%	8%	5%
2016	43%	35%	9%	8%	5%
2017	45%	35%	8%	7%	5%
2018	46%	35%	8%	7%	4%
2019	47%	34%	8%	6%	4%
2020	55%	31%	6%	5%	3%

Proportion of Value

Year	Same Month	1-3 Months	4-6 Months	7-12 Months	Over 12 Months
2014	61%	33%	4%	2%	1%
2015	52%	38%	4%	4%	1%
2016	50%	37%	5%	4%	3%
2017	55%	33%	5%	5%	2%
2018	61%	30%	4%	3%	2%
2019	58%	32%	3%	3%	3%
2020	70%	21%	3%	3%	3%

Source: Revenue analysis.

5.3 Payments to Unregistered Cases

Another factor in considering repayments is that certain persons or businesses not registered for VAT may reclaim VAT under a number of conditions.[10] As shown in Table 23, the level of these repayments increased moderately in recent years but fell in 2020. In 2020, the total VAT repaid across all categories was almost €120 million with 45,000 claims for repayment.

The largest sectors applying for VAT repayment (internal VAT) are unregistered farmers whose claims are made through either Form VAT58 or e-repayments (since 2019) and repayments for VAT on equipment, vehicles and modifications for disabled persons.

In 2020, 37,200 farmers claimed VAT refunds totalling €80 million. Of these, 6,000 were for amounts of €250 and under. 2,900 claims for amounts exceeding €6,000 made up more than half of total repayments to farmers. The median claim was €759.

Table 23: Repayments to Unregistered Traders

Type	2017 €m	2018 €m	2019 €m	2020 €m
Disabled Drivers Refunds	25.3	26.8	26.0	25.2
Disabled Persons Equipment	4.8	5.0	5.5	5.1
Diplomats	1.5	1.6	2.1	1.4
Fishing Boats and Diesel	0.1	0.1	0.1	0.0
Foreign Parcel Post Refund	0.0	0.0	0.0	0.1
Farmers	59.1	75.3	82.6	80.0
Foreign Traders Non-EU	1.4	8.3	8.8	2.6
Foreign Traders EU	0.9	1.1	0.5	0.5
Touring Coaches	9.4	8.7	7.4	4.2
EU Institutions	0.0	0.0	0.1	0.1
Interest Payable	0.1	0.0	0.0	0.0
Humanitarian Goods, etc	0.6	0.7	0.6	0.6
EC Food and Veterinary	0.0	0.0	0.0	0.0
Total	**103.3**	**127.6**	**133.7**	**119.9**

Source: Revenue analysis.

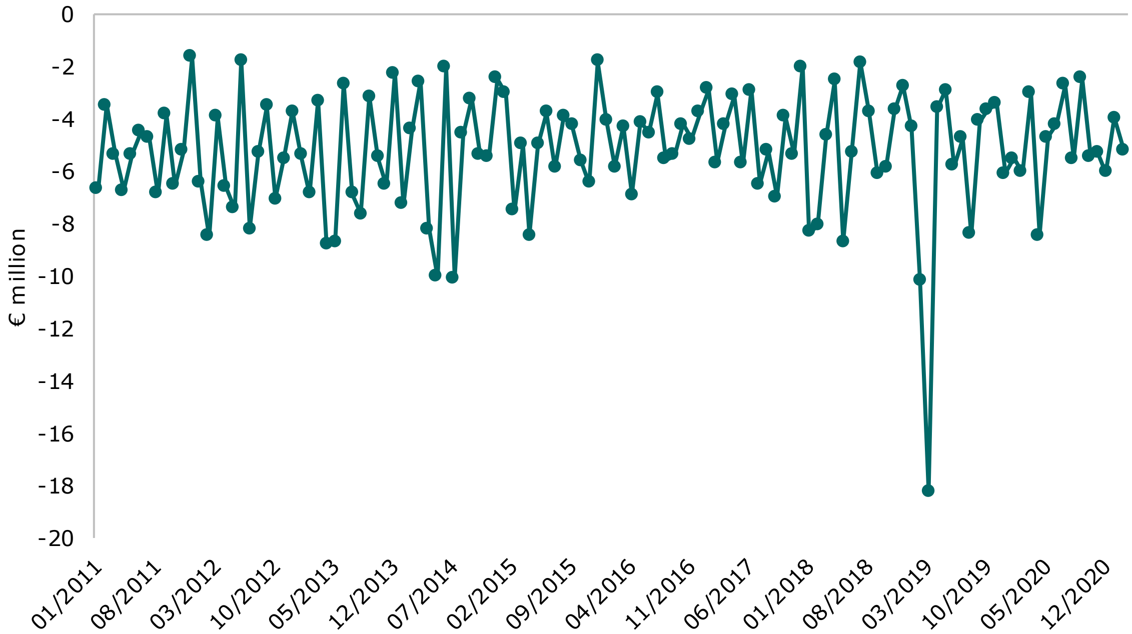
5.4 Payments under the E-Repayment scheme

Irish VAT registered traders who have paid VAT in another EU Member State may claim a repayment via the Electronic VAT Refund ("EVR") option when submitting a return. Conversely EU VAT registered traders who incur businesses related VAT in Ireland submit a claim through their

[10] See https://www.revenue.ie/en/vat/repayments-to-unregistered-persons/index.aspx.

tax authority. Revenue receives and processes this claim, and the VAT is refunded to the trader. The increase in claims in 2019 and 2020 is in part due to UK traders submitting claims prior to the UK leaving the EU single market.

Figure 11: EU VAT Repayments to Foreign Traders



Source: Revenue analysis.

6 Conclusion

The report is a statistical profile of tax receipts and returns from VAT and the taxpayers engaged in VAT liable transactions or activities. This report is published to provide evidence to inform policy makers and other stakeholders interested in the second largest tax in receipts terms.

This report complements the extensive VAT statistics published on Revenue's website by providing in depth analysis of trends in VAT registrations, returns, receipts and repayments in recent years. It builds on earlier reports on VAT published in 2019 and 2020 by adding additional detail on the above topics as well as new material such on group remitters, debt warehousing and further information on repayments among other topics.