

TOTAL CORPORATION TAX RECEIPTS (2018 DATA)



Between 2012 and 2018, corporation tax receipts grew by **146%**



going from **4.3** billion euro to **10.4** billion euro



going from **11%** to **18.7%** of total tax revenues

3rd

Corporation tax receipts are now the 3rd largest source of tax revenue in Ireland

IMPACT ON PUBLIC FINANCES IF CORPORATION TAX RECEIPTS DECLINE

Scenario 1: If corporation tax receipts decline by 2 billion euro

| | Debt-to-GDP (%) | Debt-to-GNI* (%) | 10Y Govt Bonds Rate (+ in basis points) | Surplus-to-GDP (%) |
|----------------|-----------------|------------------|--|-----------------------|
| Starting value | 63.6 | 104.3 | 0.94 | 1.0 |
| After 1 Year | 65 | 107 | +5 | -0.2 |
| After 5 Years | 68 | 112 | +9 | 0.4 |
| After 10 Years | 71 | 116 | +14 | 0.6 |

Scenario 2: If corporation tax receipts decline by 6 billion euro

| | Debt-to-GDP (%) | Debt-to-GNI* (%) | 10Y Govt Bonds Rate (+ in basis points) | Surplus-to-GDP (%) |
|----------------|-----------------|------------------|--|-----------------------|
| Starting value | 63.6 | 104.3 | 0.94 | 1.0 |
| After 1 Year | 69 | 114 | +12 | -2.5 |
| After 5 Years | 77 | 126 | +28 | -0.8 |
| After 10 Years | 84 | 138 | +45 | -0.2 |

POLICY IMPLICATIONS

Decline in revenues would require restrictive fiscal measures to be implemented



Important to build up fiscal buffers to absorb external shocks



Important not to use windfall amounts to fund current expenditure

