End-2018 Exchequer Returns

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Exchequer position in 2018

- Total Revenue : €60,308 million
- Total Expenditure : €60,203 million
- Exchequer Surplus : €106 million

- first (underlying) surplus since 2006
Tax revenue overshoot – mainly corporation tax

outturn vs profile: year to end-December (€ million)

- **Total**
  - Profile: €54.2 billion
  - Outturn: €55.6 billion
  - Difference: €1.4 billion
  - Year-on-year growth: 8.3%

- **Corporation Tax**
  - Over-shoot: €1.9 billion

- **Excise Duties**
  - Under-shoot: €0.4 billion

- **VAT**
  - €14 billion

- **Income Taxes**
  - €20 billion

- **Other**
  - €5 billion

Total tax receipts = €55.6 bn.
= €1.4 bn. > profile
= 8.3% year-on-year
Tax revenue at highest level ever

receipts = €55.6 bn. in 2018

previous peak = €47.1 bn.

low-point = €31.2 bn.
Gross voted current expenditure

year to end-December: outturn vs. profile (€million)

- Total
  - Current expenditure: €57.1 bn.
  - Outturn: €1.1 bn. > profile
  - 5.7% year-on-year

- Social Protection
- Health
  - Health expenditure overrun of €0.6 bn.
- Education
- Other

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Gross voted capital expenditure

year to end-December: outturn vs. profile (€million)

- Capital spending = €6.0 bn.
  = €0.2 bn. > profile
  = 31% year-on-year
  = 15% adjusted for Irish Water

- Housing expenditure overrun = €0.1 bn.
Economic clouds on the horizon

• UK exit from EU = T minus 85 days
  - orderly or disorderly?
  - significant economic impact irrespective of departure-type
    : trade channel esp. for SMEs
    : exchange rate channel

• Global economy slowing
  - leading indicators suggest turning point
  - headwinds building up

• QE has now ended
  - no new net purchases
    : proceeds of maturing debt = reinvested (balance sheet to remain at c. €2.6 tn.)
  - era of ultra-cheap borrowing costs (including for the sovereign) is ending

• Public finances exposed to economic slowdown
  - debt burden remains high (=105 per cent of GNI*)
  - CT accounts for very high share of tax receipts
  - CT receipts highly concentrated (10 firms account for c. 40 per cent of total CT receipts)
Summary

• Exchequer surplus of €0.1 billion in 2018
  - (underlying) improvement of €1.6 billion vs. 2017

• Tax revenue of €55.6 billion
  - annual (underlying) increase of 8.3 per cent

• Gross voted expenditure in 2018
  - current = 5.2 (underlying) per cent year-on-year
  - capital = 18.2 (underlying) per cent year-on-year

• Modest general government surplus last year
  - deficit of -0.1 per cent of GDP assumed in Budget 2019
  - could now be a surplus of +0.1 per cent of GDP
  - figures to be reported by CSO in April