



End-June 2012 Exchequer Returns

Press Conference

Tuesday, 3rd July 2012

Department of Finance & Department of Public Expenditure and Reform



Exchequer Balance

End-June 2012	End-June 2011
-€9,443m	-€10,828m



Exchequer Balance

End-June 2012 vs. End-June 2011

- End-June 2012 = -€9.4 billion; End-June 2011 = -€10.8 billion
- Exchequer deficit at end-June 2012 €1.4 billion lower than at end-June 2011

On the plus side and benefiting the Exchequer position:

- Non-voted capital expenditure €1.3 billion lower *(due to treatment of €3.06 billion IBRC Promissory Note but loans to ICF of €450 million and €1.3 billion to acquire Irish Life Limited from ILP offsets this somewhat)*
- Tax revenue up €1.7 billion *(see slides 4, 5 and 6 for more detail)*
- Non-tax revenue up €0.3 billion *(€287 million more in Central Bank Surplus Income)*
- Capital receipts up €0.7 billion *(earlier Sinking Fund payment in 2012: €646 million)*

Offsetting these improvements somewhat:

- Total net voted expenditure up €0.4 billion *(see slides 7 and 8 for more detail)*
- Non-voted current expenditure up €2.1 billion *(primarily debt servicing related)*

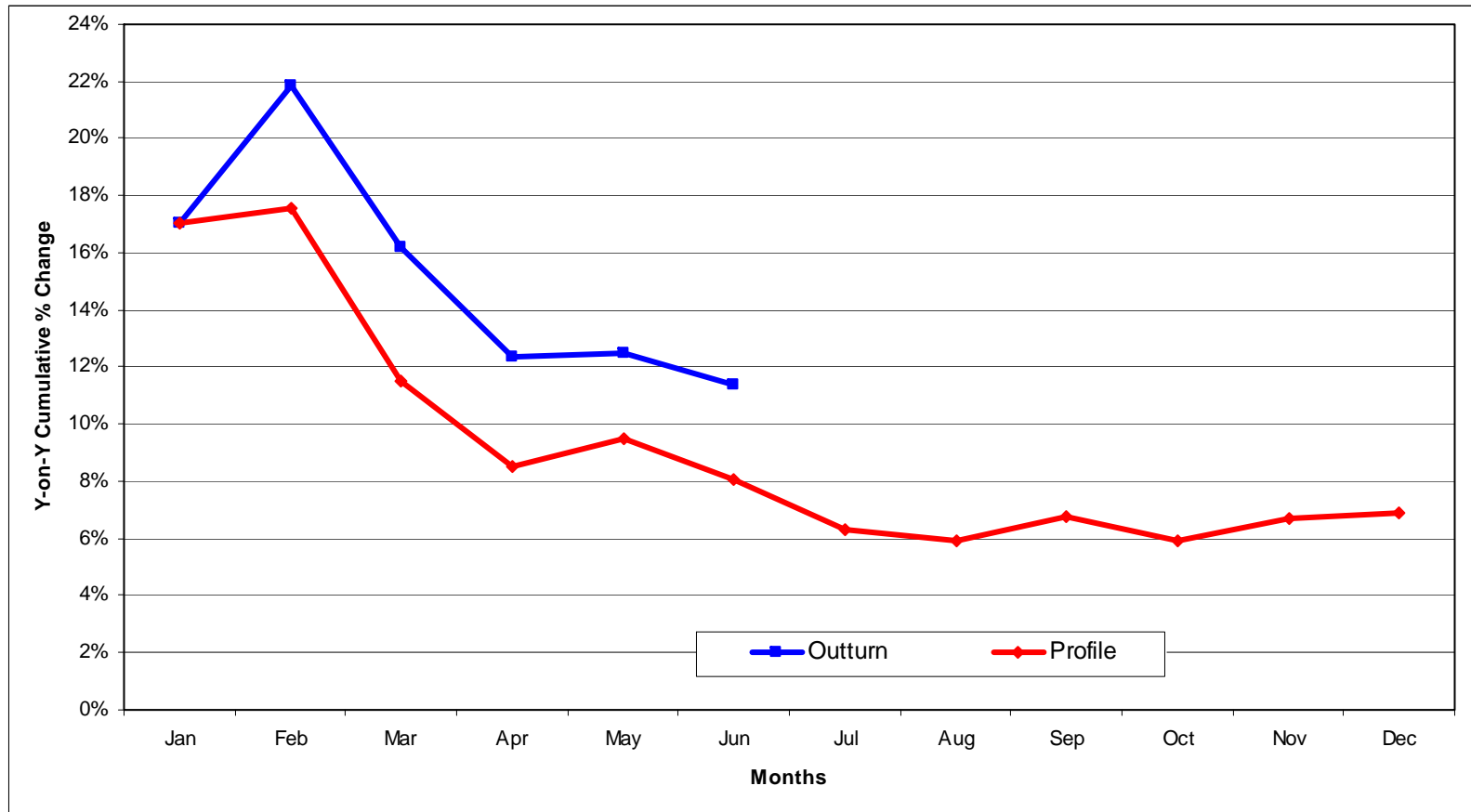


Key Points on End-June 2012 Tax Revenue

- End-June 2012 tax revenue of €17,014 million; up €1,735 million (11.4%) year-on-year. Extent of increase influenced by:
 - *€¼ billion in December 2011 corporation tax receipts only hit the Exchequer account in early January 2012*
 - *A technical reclassification of receipts from PRSI to income tax – amount reclassified so far this year currently estimated at approximately €210 million.*
- Adjusting for these factors, tax revenues grew by approximately 8.3% in the year to end-June.
- Taxes €507 million (3.1%) ahead of target at end-Q2 – a good performance and one driven largely by surpluses in corporation tax and income tax.



End-June 2012 Tax Revenue Performance





End-June 2012 Tax Revenue Performance

	Target €m	Outturn €m	Surplus/Shortfall €m	Surplus/Shortfall %	Y-on-Y Change %
Income Tax (inc USC)	6,846	7,061	+215	+3.1	+16.9*
VAT	5,160	5,189	+29	+0.6	+2.2
Corporation Tax	1,706	1,980	+274	+16.1	+39.1^
Excise	2,244	2,209	-35	-1.6	+0.4
Stamps	225	222	-3	-1.2	-16.1
CGT	161	172	+10	+6.5	+90.7
CAT	53	47	-6	-11.3	-2.9
Customs	112	109	-3	-2.6	-6.8
Unallocated/Levies	-	26	-	-	-
Total Tax Revenue	16,507	17,014	+507	+3.1	+11.4

Small discrepancies may arise due to rounding of constituent items

*Adjusting for the reclassification of approximately €210 million from PRSI to income tax, it is estimated that income tax is up 13½% year-on-year at end-June.

^€¼ billion in Corporation Tax receipts originally expected in December 2011 were not received into the Exchequer account until early January 2012. Adjusting for this, corporation tax is up 21½% year-on-year.



End-June 2012 Voted Expenditure Key Points

- Departmental expenditure less than €200 million (0.9%) ahead of expectations.
- Total net voted expenditure €386 million (1.8%) ahead of target and up €414 million (1.9%) year-on-year. Half of this overspend compared to target is caused by a shortfall in PRSI receipts.
- While expenditure is being managed well across the majority of Vote Groups, some pressures are evident, particularly in the Health and Social Protection areas and these will require close monitoring and management over the coming months.



End-June 2012 Voted Expenditure

	Target €m	Outturn €m	Surplus/ Shortfall €m	Surplus/ Shortfall %	Y-on-Y Change %
Net Voted <u>Current</u> Expenditure	20,856	21,330	+474	+2.3	+3.3 ^{^*}
Net Voted <u>Capital</u> Expenditure	1,180	1,092	-88	-7.4	-19.1
Total Net Voted Expenditure	22,036	22,422	+386	+1.8	+1.9[^]
<i>PRSI</i>	<i>3,417</i>	<i>3,225</i>	<i>-191</i>	<i>-5.6%</i>	
Expenditure position adjusted for PRSI			+195		

Small discrepancies may arise due to rounding of constituent items

[^] Adjusting for the reclassification of an estimated €210 million in PRSI receipts to income tax, which has resulted in higher net voted current expenditure of the Department of Social Protection, it is estimated that net voted current expenditure is up approximately 2.2% year-on-year (total net voted spending up 0.9% on the same basis).

*The Exchequer Statement figure for net voted current expenditure at end-June 2011 includes a figure of €110 million in respect of the recoupment of advances to the Social Insurance Fund (SIF) at end-2010, which is excluded here for year-on-year comparison purposes.



Summary of Exchequer Position End-June 2012

- Tax revenues performing well and on an underlying basis are up an estimated 8.3% year-on-year and are 3.1% ahead of profile at end-June – corporation tax and income tax leading the way
- Expenditure pressures in some areas, most notably Health and Social Protection. Majority of other Vote Groups showing underspends
- Exchequer deficit €1.4 billion lower than at end-June 2011 primarily due to treatment of 2012 IBRC Promissory Note payment
- End-June EU/IMF Programme Exchequer primary balance target was met meaning all seven of these end-quarter targets set so far under the Programme have been achieved – will confirm this during current review mission



End-June 2012 Exchequer Returns

Press Conference

Tuesday, 3rd July 2012

Department of Finance & Department of Public Expenditure and Reform