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**For Written Answer on :** **18/04/2023**
**Question Number(s)**: **351,352,353,354,355,356** **Question Reference(s): 16626/23, 16627/23, 16628/23, 16629/23, 16630/23, 16631/23**
**Department:** **Finance**
**Asked by: Louise O'Reilly T.D.**
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**QUESTION**

\* To ask the Minister for Finance further to Parliamentary Question Nos. 244 and 245 of 28 March 2023, the breakdown of the debt warehoused across each division by sector, where possible.

- Louise O'Reilly T.D.

For WRITTEN answer on Tuesday, 18 April, 2023.

\* To ask the Minister for Finance further to Parliamentary Question Nos. 244 and 245 of 28 March 2023, the breakdown of the debt warehoused across the medium enterprises division by sector.

- Louise O'Reilly T.D.

For WRITTEN answer on Tuesday, 18 April, 2023.

\* To ask the Minister for Finance further to Parliamentary Question Nos. 244 and 245 of 28 March 2023, the default rate to date on debt warehousing by large cases and high wealth individuals.

- Louise O'Reilly T.D.

For WRITTEN answer on Tuesday, 18 April, 2023.

\* To ask the Minister for Finance further to Parliamentary Question Nos. 244 and 245 of 28 March 2023, the default rate to date on debt warehousing across each division and subdivided by sector within each division, where possible.

- Louise O'Reilly T.D.

For WRITTEN answer on Tuesday, 18 April, 2023.

\* To ask the Minister for Finance further to Parliamentary Question Nos. 244 and 245 of 28 March 2023, the repayment structure of warehoused tax debt from 2024.

- Louise O'Reilly T.D.

For WRITTEN answer on Tuesday, 18 April, 2023.

\* To ask the Minister for Finance further to Parliamentary Question Nos. 244 and 245 of 28 March 2023, how many small and medium enterprises have repaid their warehoused tax debt to date; and the value of those repayments.

- Louise O'Reilly T.D.

For WRITTEN answer on Tuesday, 18 April, 2023.

**REPLY**

The Debt Warehousing scheme allows for the deferral of the payment of VAT, PAYE (Employer) and certain self-assessed income tax liabilities, including TWSS and EWSS overpayments. It provided a vital liquidity support to businesses during the Covid pandemic and continues to support businesses as they recover from the impacts of the pandemic and the current energy crisis. The scheme was automatically available to businesses and individuals that are managed by Revenue’s Business and Personal Divisions. Revenue’s Business Division manages enterprises with an annual turnover less than €3 million, which accounts for the majority of business taxpayers. Revenue’s Personal Division deals with all business entities with no trade or professional income such as trusts, charities, sporting bodies.

The scheme was also available on application to larger businesses managed by Revenue’s Large Corporates and Medium Enterprises Divisions, where such businesses have been adversely impacted by COVID-19 and included a small number of individuals in Revenue’s High Wealth Division. Revenue’s Medium Enterprises Division deals with businesses with an annual Irish turnover of more than €3 million (but less than €190 million) as well as the subsidiaries/parents of such companies. Large Corporates Division deals with the largest companies with an annual Irish turnover of more than €190 million per annum.

The value of debt warehoused at the end of February 2023 was €2,257 million for 64,746 customers. 6,617 of these customers have warehoused debt in excess of €50,000 and this cohort accounts for €1,928 million of the overall warehoused debt figure. The breakdown of the warehoused debt by Division and by Sector, including the Medium Enterprises Division, is as follows:

**Debt in the Debt Warehouse by Sector and Division as at end of February 2023**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **SECTOR** | **Business****Division** | **LC-HWI** | **LCD** | **MED** | **Personal****Division** | **Total** |
|   | **€m** | **€m** | **€m** | **€m** | **€m** | **€m** |
| Agriculture, forestry and fishing | 16 | 0 | 2 | 2 | 0 | 20 |
| All other Sectors/Unknown | 7 | 0 | 0 | 2 | 1 | 9 |
| Mining and Quarrying | 4 | 0 | 0 | 0 | 0 | 4 |
| Manufacturing | 86 | 0 | 0 | 35 | 0 | 122 |
| Electricity, gas, steam and air conditioning supply | 1 | 0 | 0 | 8 | 0 | 9 |
| Water supply; Sewerage, Waste management and remediation activities | 7 | 0 | 0 | 3 | 0 | 11 |
| Construction | 177 | 0 | 0 | 84 | 6 | 267 |
| Wholesale and retail trade; Repair of motor vehicles and motorcycles | 230 | 0 | 74 | 126 | 1 | 430 |
| Transportation and Storage | 62 | 0 | 82 | 16 | 0 | 161 |
| Accommodation and food service activities | 207 | 3 | 35 | 147 | 0 | 392 |
| Information and Communication | 121 | 0 | 0 | 49 | 0 | 169 |
| Financial and Insurance Activities | 19 | 0 | 4 | 9 | 0 | 32 |
| Real estate activities | 38 | 3 | 0 | 15 | 2 | 57 |
| Professional, scientific and technical activities | 195 | 0 | 22 | 32 | 0 | 249 |
| Administrative and support service activities | 77 | 0 | 7 | 84 | 0 | 168 |
| Public administration and defence; compulsory social security | 3 | 0 | 0 | 0 | 1 | 4 |
| Education | 15 | 0 | 0 | 4 | 1 | 19 |
| Human health and Social Work activities | 45 | 0 | 0 | 7 | 5 | 58 |
| Arts, entertainment and recreation | 23 | 0 | 1 | 7 | 1 | 32 |
| Other services activities | 30 | 0 | 0 | 10 | 2 | 41 |
| **TOTALS** | **1,362** | **6** | **227** | **639** | **21** | **2,257** |

\*Variances in calculation of total figures is due to rounding

The extension to the scheme announced in October 2022 means that there is no obligation on businesses to commence repaying their warehoused debt until 1 May 2024.  Therefore, the question of businesses ‘defaulting’ on the repayment of their warehoused debt does not currently arise.  However, 635 customers with €60m of debt previously warehoused have exited the warehouse scheme to date, with the debt determined as uncollectible due to a variety of reasons, including liquidation, examinership, cessation of trading and bankruptcy.

It remains a key condition of the Debt Warehousing Scheme that current liabilities are filed and paid on time, and this message has been consistently communicated by Revenue in all its warehousing communications and guidance documents to date. Revenue is actively engaging with businesses in the scheme to ensure that they are complying with this key condition in order to retain the benefits of the scheme. Where payment difficulties arise, particularly in relation to current tax obligations, I am assured that Revenue will work proactively with businesses who engage early to resolve these payment difficulties.

However, where there is a continued lack of engagement and persistent non-compliance with current tax obligations, businesses will lose the benefit of the debt warehouse scheme. To date, just over 12,800 customers with warehoused debt of €197m have had their warehouse status revoked due to persistent non-compliance issues and the debt concerned is being pursued.  Where a business addresses their non-compliance issues and brings their current taxes up to date, the business can have its warehouse status reinstated.  As at end February 2023, 338 of the revoked cases have had their warehouse status reinstated, in respect of €20m debt.

With regard to the repayment of warehoused debt from 1 May 2024, Revenue’s approach to collecting the tax debt remaining in the warehouse at that time will be flexible and tailored to each business based on its capacity to pay. An interest rate of 3% per annum has begun to accrue on warehoused debt from 1 January 2023. This is a significant reduction from the standard interest rates of 8% and 10% per annum that normally apply to late payments of tax. In advance of the 1 May 2024 repayment date, Revenue will engage with all businesses availing of the scheme at that time to agree a tailored phased payment arrangement in respect of the ‘parked’ liability, over an agreed timeframe.

The breakdown of the eligible debt and payments made to date by Division is given in the following table. The Business Division case base consists largely of small and medium sized enterprises.

|  |  |  |  |
| --- | --- | --- | --- |
| **Division**  | **Total Debt Eligible for Warehousing****€ million** | **Total Payments****€ million** | **Debt Warehoused at end Feb 2023****€ million** |
| Business | 18,563 | 17,200 | 1,363 |
| Medium Enterprises | 8,022 | 7,382 | 640 |
| Large Corporates | 2,896 | 2,669 | 227 |
| Personal | 1,461 | 1,440 | 21 |
| Large Cases – High Wealth Individuals | 20 | 14 | 6 |
| **Total**  | **30,962** | **28,705** | **2,257** |

\*Variances in calculation of total figures is due to rounding