

Appendix D: Exchequer Tax Revenue Forecasts

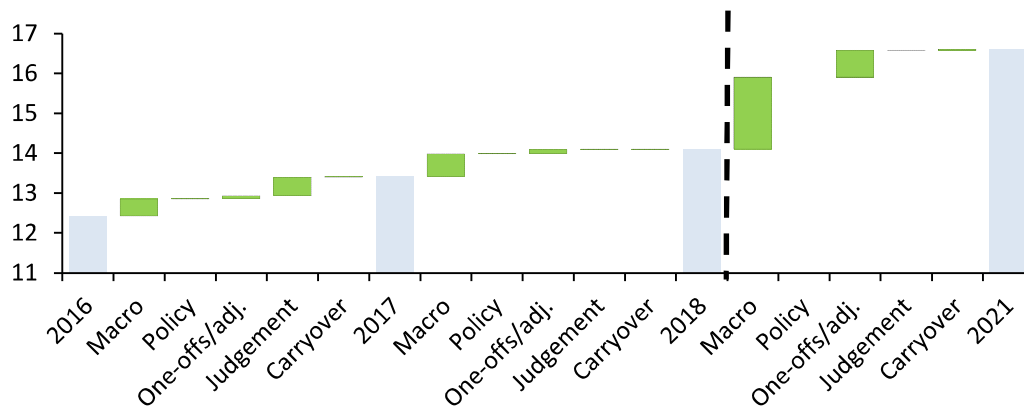
This Appendix examines forecasts for tax revenues produced by the Department of Finance for *Budget 2018*. It decomposes the drivers of each forecast into a number of components: (i) the “macro” driver (the part of the forecast driven by forecast growth rate in the relevant macro driver, e.g. wages for income tax); (ii) any “policy” change impacts (e.g., discretionary tax cuts); (iii) “one-off” items that impact expected tax receipts; (iv) carryover (the knock-on impact of previous year’s policy changes; and (v) judgement (any residual factors, but mainly judgement in the forecast).

Figure AD.1 (A-E) shows the most relevant factors influencing the *Budget 2018* tax forecasts for the four main tax heads for the period 2017-2021. Income tax is disaggregated by PAYE and USC, which provides a practical view in understanding the drivers of USC projection errors to date. In each case, the forecasts for 2017 and 2018 are shown separately, while the forecasts for 2019-2021 are shown cumulatively. The floating bars show the size of the increase in taxes due to that source.

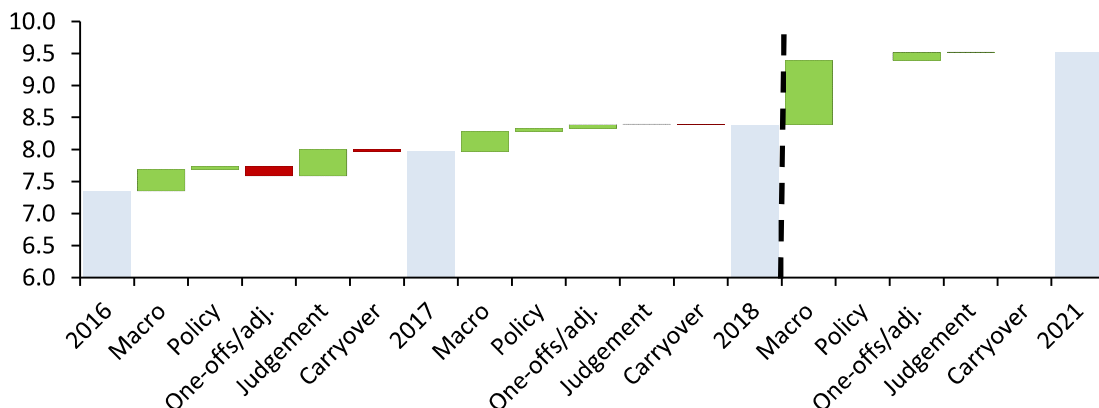
Figure AD.1: A-E

€ billions

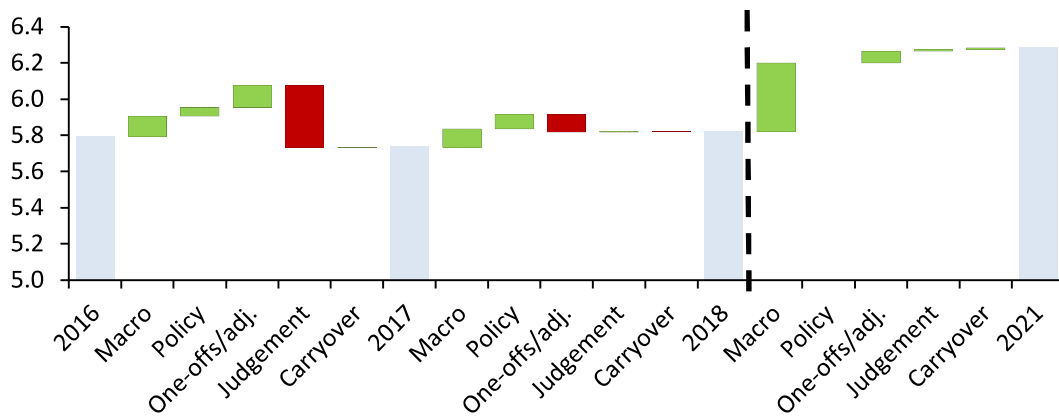
A: VAT



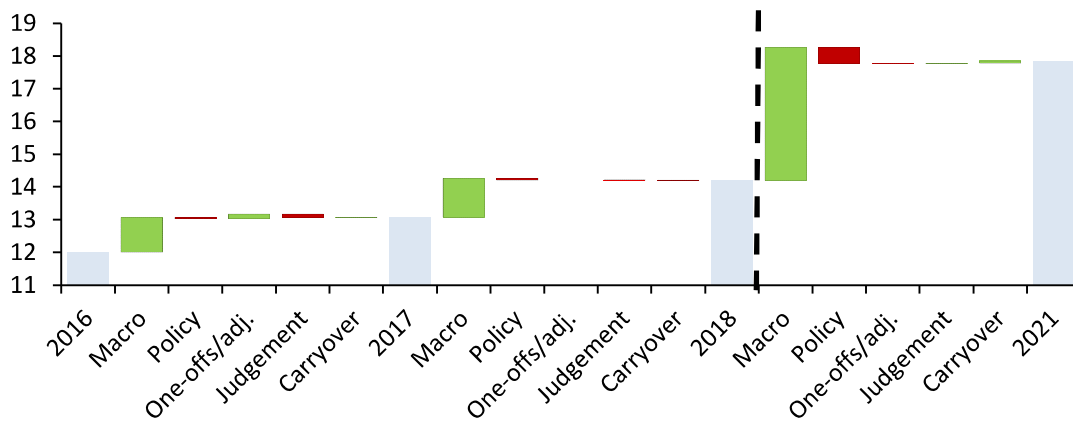
B: Corporation Tax



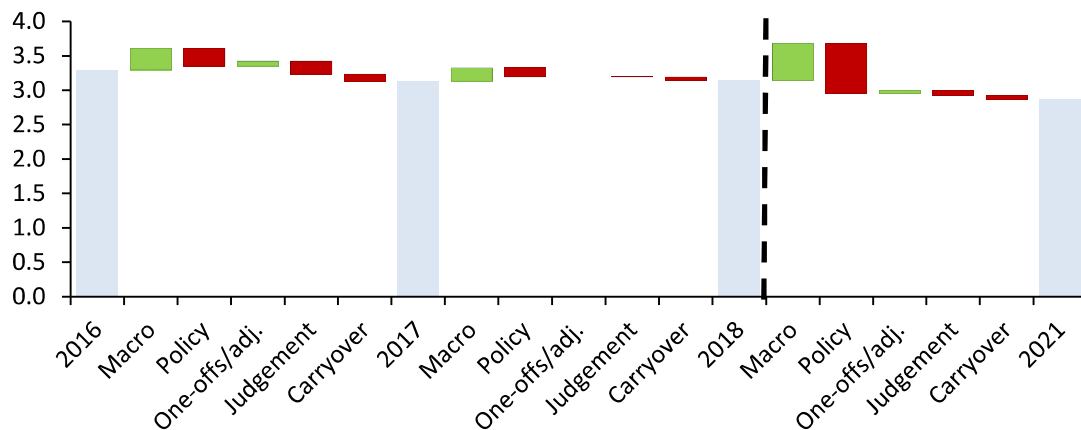
C: Excise



D: PAYE



E: USC



Sources: Department of Finance; and internal IFAC calculations.

Note: "Judgment" includes other categories not covered in the remaining headings of which judgement is typically a key factor.