Local Property Tax in Ireland, can the critical success factors of the high compliance rate be applied to the introduction of future taxes.

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1.0 Declaration

This project is solely the work of the author and is produced and submitted in partial fulfilment of the Final Year Dissertation Project requirement of the Executive Masters in Business Administration.

I declare that no portion of the work referred to in the dissertation has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

Further, this research project expresses the views of the author solely and do not necessarily represent the views of the Revenue Commissioners. The author alone is responsible for any omissions or errors.
2.0 Acknowledgements

I would like to thank Dublin Business School for permitting me to experience this course, broaden my knowledge and learning and to be finally submitting this dissertation. It has been a long road with unexpected challenges and demands and I am so grateful to be nearing the finish line. I would like to thank the staff of Dublin Business School, the lecturers and especially the Registrar for their dedication, assistance and insight to assist me in completing my journey.

I would like to express my gratitude to my parents, Tom and Maureen for their endless support, my partner Mark who hides his delight when I say that I am spending the evening studying as he then assumes sole custody of the TV remote and the laptop!.

Finally I would like to thank my three wonderful children, Joy, Lauren and Marcus who have missed out a bit while I was engrossed on this “project” but you will have my full concentration when this has been submitted, I promise you that.

_________________________
Sara Gooney

August 2014
Local Property Tax in Ireland, can the critical success factors of the high compliance rate be applied to the introduction of future taxes

3.0 Abstract

Tax compliance, theories on compliance and behavioural economics are becoming more frequent in the growing body of literature on tax policy and the redesign of tax policies. This is due to the fact that Ireland has a voluntary compliance tax system and research has been conducted to understand the motives for compliance. Local property tax was implemented into Ireland in 2013,\(^1\) and has achieved significant compliance rates of 95% for 2013\(^2\), why and how did this happen?

This research will investigate the drivers behind the high compliance rates from the tax administration’s policy and procedures viewpoint and balancing this with an analysis of what motivates taxpayers to be compliant in a recessionary era.

\(^1\) Local Property Tax predecessor was Household Charge for the year 2012 - implemented by the Department of Environment, Community and Local Government and collected by the Local Authorities from 01/01/2012 – 30/06/2013 and thereafter collection responsibility was entrusted in the Office of the Revenue Commissioners.

\(^2\) 95% compliance rate equates to 1,766,518 Local Property Tax returns been filed on Revenues systems as a percentage of total number of properties. (Revenue 2014c)
“Research in Ireland suggests that deterrence, the more traditional tool of tax administrations, is important but not sufficient to explain the level of tax compliance in society. Other factors are shown to be important, particularly the influence of personal norms and the level of trust in the tax administration”. Walsh (2012)

Behavioural research and research into trust in the present day tax administration will be investigated in this paper, with the view of understanding and deciphering the critical success factors of the local property tax project implemented in the Irish state.

This paper will analyse the tax strategy that shaped the design of the suite of local property tax from the enactment of the legislation to the implementation of the tax and active collection programme by the Revenue Commissioners that lead to the high compliance rate. The fallout from this is discussed in addition to the advantages, disadvantages and obstacles to implementing such a framework. This paper also highlights the possible expansion of Revenues effective tax collection abilities to encompass future taxes and increased responsibilities.
4.0 Introduction
4.1 Background

The Irish tax system and Irish customs regime are the responsibility of the Office of the Revenue Commissioners who advise the Department of Finance on tax policy.

In recent years there has been an increased focus on the motives and attitudes of taxpayers to understand their behaviour, to improve voluntary compliance rates and increase the tax administrations efficiencies.

The focus of this research is to look at this compliance rate through the introduction and application of the Irish property taxes. The research will examine tax compliance (see chapter 5), the economic reasons for the introduction of the property taxes, the subsequent tax planning and design of the suite of property taxes with the resulting high compliance rates.

In Ireland’s “National Development Plan 2007-2013” Taoiseach Bertie Ahearn T.D. states;

“The past decade has seen tremendous economic and social progress in Ireland. We have put in place the foundations of a truly modern, forward looking, internationalised society. The greatest challenge we now face is to consolidate and sustain this remarkable achievement to ensure that we provide a better quality of life for all”.

In hindsight, the challenge mentioned above was grossly underestimated at the time. The Irish economy was, up to 2007, a worldwide success story, but it has fallen farther than most since the global financial crisis.
Between 1990 and August 2007 Ireland enjoyed a growing low tax economy, its growth encompassed living standards kerbed by the recession in the 1970s and harsh times during the 1980s. Improved living standards gave rise to heightened expectations with a skilled generation complete with increased educational qualifications combined with favourable demographics, an increased number of skilled workers entered the labour market (Kinsella 2012). The EU single market combined with our geographical positioning, tax rates and skilled work force made Ireland attractive for inward investment, especially from the US contributing to increased Irish exports (European Community 2013). The economic dynamic altered from 2002 onwards where rising property prices fuelled a „credit” society and the inherent desire to „own your own home” fuelled mass-consumption on the property market creating a self-fulfilling prophecy where a large element of society became “property investors”, with an accompanying build-up of personal indebtedness. As the construction activity grew strongly it masked the true situation and created a false economy.

Table 1. Percentage of total tax revenue, (European Community 2013)
The risky lending from the banking sector grew disproportionately with short term borrowings from abroad supporting the market. The regulation in this area was passive and „light touch” and has been criticized harshly since the collapse as a contributing factor. The government enacted legislation for €400billion guarantee scheme on the banks” liabilities with nationalisation of Anglo-Irish Bank costing €35bn (3% of GDP). Ireland sought an EU/IMF/ECB bailout of €85bn in 2010.

Table 2. The Bailout in Numbers, Sourced Irish Independent 23/10/2013

---

3 Reaching €40bn including Allied Irish Bank and Irish Nationwide Building Society
4 European Union (E.U.) / International Monetary Fund (I.M.F.)/European Central Bank (ECB) referred to as IMF bailout from here on.
5 Appendix 2 Euros to the Rescue and Appendix 3 Eurozone Bailouts
Although the government began to implement austerity measures designed to restore sustainability to its public finances, the IMF bailout came with stringent conditions austere actions and deadlines as set out in the „Memorandum of Understanding“.

Item number 4 of the Memorandum was the implementation of a property tax by Q4 – 2011. This was the commencement of the household charge. Number 8 of the Memorandum was an increase in the property tax by Q4 - 2012 which was the introduction of the local property tax as it currently stands.

The IMF conducted twelve reviews during this time and Ireland officially exited the bailout programme on the 15th of December 2013 when Ireland was formally released from their strict oversight having meet the objectives of the Memorandum and implementing the policies underpinning the IMF arrangement.

Ireland introduced the property taxes when required to do so, but it had been dabbling in and out of domestic property taxes for over fifty years to generate local funding for the local authorities (table 3).

---

6 „Memorandum of Understanding“ (MOU) on Specific Economic Policy Conditionality, 3rd December, 2010
7 Q4 – 2011 refers to the fourth quarter in the year followed by the year in question.
8 Under „The extended arrangement and proposal for post-programme monitoring“
9 Table 1 is strictly referring to residential property and is omitting commercial and agricultural for the purposes of this research
Table 3. History of domestic property taxes in Ireland

Prior to the 1978 abolition of Domestic Rates, local authorities were self-financing 41%\(^{10}\) of their budgets.\(^{11}\) Following from this, in 1982 the percentage of overall local government financing from rates dropped to 12%. The liability was transferred from the ratepayers to central government to make up the short fall in funding. Central government always played a part in funding a degree of local government, (38% in 1976) but the subsidy increased to 67% in 1982. The narrow tax base was very limiting for the local authorities.\(^{12}\) Charges for local services were implemented the government also established an equalisation fund to provide support for less well-off authorities. The Local Government Act 1999 created a Local Government Fund,\(^{13}\) where a „Needs and Resources Model” was used based on assessments of the authority’s service provision (needs) and the income (resources) that each authority should derive from the provision of these services.\(^{14}\)

\(^{10}\) Department of the Environment, Heritage and Local Government, Returns of Local Taxation and Local Authority Budgets, Annual Report and Annual Output Statements

\(^{11}\) through the application of locally decided rates on both domestic and commercial properties.

\(^{12}\) Property Taxes, Central Grants and Services Charges- tax net for Local Authorities

\(^{13}\) Local Government Fund funded by the exchequer and Motor Tax net yield

\(^{14}\) Local Authority Budgets 2004, p.10
<table>
<thead>
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<th>Share of owner occupiers</th>
<th>Rural Housing Stock</th>
<th>Urban Housing Stock</th>
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<tbody>
<tr>
<td>By 1961</td>
<td>77%</td>
<td>38%</td>
</tr>
<tr>
<td>By 2002</td>
<td>87%</td>
<td>72%</td>
</tr>
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Table 4. Owner Occupiers – Somerville (2007)

Taking ownership into consideration there was a significant increase in owner occupiers (table 4). In 2011 the number of owner occupied properties was 1,149,924. Revenue indicates there are currently 1.9 million properties overall liable to local property tax.

There is growing interest and literature on the subject in the last thirty years encouraging the property taxes re-introduction, but with the government’s reluctance to „fall out of favour” with society, a political paralysis overshadowed the issue and the decision to re-implement the tax was pushed aside.

Various commissioned reports during this time encouraged and heavily recommended its re-introduction but until it became a compulsory condition of the IMF bailout/programme that it became an urgent issue. Ireland’s absence of an annual property tax was in contrast with some EU countries where it was seen as a reliable source of income. See Appendix 12.

Property taxes are widely regarded as an efficient and equitable means of raising revenue, but with a revenue potential that is largely untapped in many countries (Norregaard 2013)
Property taxes can ease the difficulty associated with taxes levied on mobile bases in a growing globalised economy as these taxes can strengthen “immobile” tax sources such as immovable property.

On 21st March 1979 over 150,000 PAYE workers took to the streets of Dublin to protest over unfair taxes and austerity. Following this a series of reports were published by the Commission on Taxation (1980-1985) focusing on restructuring and reforming the Irish tax system. A succession of commissioned reports followed as seen in table 5, all reports considered and recommended the introduction of an annual property based tax.

<table>
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<tr>
<th>Report</th>
<th>Time Line</th>
<th>Purpose</th>
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<tr>
<td>Commission on Taxation Report</td>
<td>1980-1985</td>
<td>A series of reports focusing on tax reform and Local Government funding</td>
</tr>
<tr>
<td>The Financing of Local Authorities</td>
<td>1985</td>
<td>Produced by the National Economic and Social Council (NESC) to examine the financing of local authorities</td>
</tr>
<tr>
<td>Review of Local Government Financing</td>
<td>1996</td>
<td>Focusing on redesigning Local Government funding</td>
</tr>
<tr>
<td>Indecon Report</td>
<td>2005</td>
<td>A review of Local Government financing</td>
</tr>
<tr>
<td>Commission on Taxation Report</td>
<td>2009</td>
<td>Focusing on restructuring and reformation of the Irish tax system</td>
</tr>
<tr>
<td>ESRI\textsuperscript{15} Report</td>
<td>2012</td>
<td>“Analysis of Property Tax options” – set out the scope for the Thornhill report</td>
</tr>
<tr>
<td>Report on Property Tax “Thornhill Report”</td>
<td>2012</td>
<td>Inter-Departmental Group established by Department of Environment</td>
</tr>
</tbody>
</table>
In January 2012, the Minister for the Environment\textsuperscript{16} established an Inter-Departmental Group on Property Tax under the independent chairmanship of Dr Don Thornhill. This Group was commissioned to design a property tax and to be informed by the ESRI\textsuperscript{17} on the scope and options to be analysed (Department of Environment 2012). This report became known as the “Thornhill Report” forming the basis on which the legislation was drafted for the local property tax,\textsuperscript{18} replacing the household charge\textsuperscript{19}.

Since the last implemented assessment of residential properties in Ireland was in 1845, the impact of the new tax would in all likelihood have been unpalatable without the introduction of banding to provide some stability and predictability to taxpayers (McCluskey 2013 as cited in OECD 2014). Easing the introduction of a permanent annual tax, a temporary blanket charge namely Household Charge was introduced in 2012.

\textsuperscript{16} Minister for Environment, Community and Local Government, Mr Phil Hogan T.D.
\textsuperscript{17} The Economic and Social Research Institute (ESRI)
\textsuperscript{18} Finance (Local Property Tax) ACT 2012 as amended
\textsuperscript{19} Local Government (Household Charge) Act 2011
This research will delve into the relevant literature and decipher what guided the government in its design and implementation of the tax, discussed in chapter 5. The research methodology is examined in chapter 6. Results and findings are discussed in chapter 7. Chapter 8 draws together the literature and the findings under analysis. This is followed by the conclusion and recommendations in chapter 9 and reflections on the learning process summarised in chapter 10.

4.2 Research Objectives

- Explore the commissioned reports and ensuing tax policy on the suite of Irish property taxes
- Identify the broad factors that determine compliance
- Identify the reasons for the high compliance rates in this field
• Generate theoretical suggestions for the future use of the critical success factors of local property tax and future possibilities.

4.3 Research Question

Formulating and clarifying the research topic is the starting point of your research project (Ghauri and Grønhaug 2005; Smith and Dainty 1991; Saunders et al 2009).

The basis for any dissertation or research is based on a research question, often commencing broader and subsequently narrowed or refined as the research returns relevant literature to shape the study path. Research questions tend to be loose at the outset and become tighter as the work progresses (Partington 2002:100).

This research mirrors this statement in that the researcher commenced with examining an area of their work, for example, property tax, where new policy was being implemented that affected every property owner in the state. The research led to understanding why taxpayers comply and the psychology behind their actions/inactions.

The implementation of the property taxes had a very short lead in time and has achieved significant levels of compliance without the need of the Revenue Commissioners having to resort to large scale compulsory compliance projects in a time of recession and fluctuating unemployment.
The Local Property Tax compliance rates for 2013 and 2014 currently stand at 95% and 94% respectively.\textsuperscript{20}

Reviews of tax compliance research has concluded that there are many factors influencing taxpayers behaviour and that trust in the tax administration system must exist combined with a perceived fairness and a “felt fairness” inherent in the administration of the tax policy.

“Over the past six years, very strong filing and payment compliance rates have been maintained and even marginally improved, at a time when the opposite might have been expected. The voluntary compliance rates achieved for Local Property Tax in its first year are exceptional. We recognise and acknowledge the contribution of individual taxpayers and businesses to embedding a compliance culture and the part played by tax and custom practitioners in the achievement of these results” (Feehily 2014a).

Table 6. Attributes of a good research topic, (Saunders et al 2009))

\textsuperscript{20} Revenue Statistical Announcement July 2014
The research topic selected in this case has the capability and the appropriateness as per the “Checklist” (table 6). The topic is of interest to the researcher having worked in two property tax sections since May 2013. The researcher has the abilities to conduct the necessary research and to develop the skills required to do so. It is a worthwhile project, it will be current for a lengthy duration into the future and there is relevant and available information that the researcher can add to in this field. The appropriateness is measured against the above checklist and satisfies the criteria.

4.4 Research Hypothesis

The success factors of the local property tax compliance rates administered by the Revenue Commissioners can be used for the benefit of implementing future taxes.

4.5 Recipients for the Research

Dublin Business School will be the principal recipient for this dissertation entitled “Local Property Tax in Ireland, can the critical success factors of the high compliance rate be applied to the introduction of future taxes”.
This dissertation is submitted to satisfy the final module of the Executive Masters in Business Administration course at Dublin Business School. The primary recipient will be Stuart Garvie in Dublin Business School registrars” office.

The Office of the Revenue Commissioners in Ennis, being the local property tax headquarters, have expressed a keen interest in my research, so too has Revenues Research and Analytics Branch and the Collector General’s office Limerick.

4.6 Suitability of the Researcher

The topic selected by the researcher should excite their imagination, should benefit them in their desired career goals and that the researcher herself should understand and be capable of undertaking research in their selected topic (Saunders, Lewis and Thornhill, 2009). Previous academic qualifications including a Bachelor of Arts Honours Degree in Business and Law and a Bachelor of Arts Honours Degree in Applied Taxation, combined with current participation in a Masters of Business Administration, shows accumulated knowledge and experience in conducting research and achieving successful outcomes.

I have extensive knowledge in the workings of the Revenue Commissioners tax policy and also extensive project management work experience with implementing the local property tax project in Limerick office at a middle management level and setting up the call centre therein.
I have a significant level of knowledge in the suite of property taxes having worked in the Household Charge section at middle management level for a short period of time. I am fully knowledgeable in the policy and procedures of the internal working of the organisation combined with specific knowledge and experience of running the local property tax project - I believe I am well qualified to conduct this research.
5.0 Literature Review
5.1 Introduction

The literature review was carried out examining ideas, theories and findings on this subject matter and related issues. Tranfield (et al 2003, as cited in Saunders et al 2009) recommends that you need to both “map and assess the existing intellectual territory”. This critical review was carried out in line with recommendations from Saunders et al (2009) (Appendix 5), with the main points as follows:

- research question and objectives were defined and researched,
- parameters were defined, generate and refine key words, conduct research, obtain literature, evaluate the literature and record findings,
- Start drafting review, redefining parameters, review step two,
- Update and revise draft, review step two again, complete the literature review

To cover the research objectives it is proposed that the focus of the research will be on 2 elements:

- Tax compliance
- Tax planning and design of the suite of property taxes
5.2 Tax Compliance

“The objectives of most tax administrations, including Revenue, are to ensure compliance with tax laws and to improve taxpayers” customer service satisfaction. Tax administrations have a wide range of compliance and customer service programmes that aim to change behaviours among taxpayers”. (Walsh 2012)

The underlying factors influencing taxpayers” behaviours have been investigated to improve the knowledge and the level of understanding the tax administrations have and assist them in targeting compliance risk treatments and improving customer services deliverables.

“Virtually all economic models of taxpayer behaviour conclude that there should be much more tax evasion than is actually observed. However, most people pay most of their taxes most of the time. The puzzle of tax compliance is to explain why people pay taxes”. (Alm and Torgler, 2011)

Tax compliance 21 in the past was heavily reliant on audit which is an expensive and resource intense method.

Instead targeted attempts are made to influence behaviour to increase compliance in a more cost effective and efficient manner.

21 Compliance consisting of three components: Filing, (correct returns being filed in a timely manner) Reporting (concerns the filing of accurate returns) and Payments,(the payment of the correct tax liability) (Singh, 2003).
A model of non-compliance displays the taxpayer as an amoral profit-seeker, whose actions or inactions are motivated wholly by rational calculation of costs and opportunities (Kirchler & Maciejovsky, 2001 as cited in Murphy, 2004).

Strictly applied penalties affect the level of compliance, so deterrence leads to improved compliance (Andreoni et al., 1998) yet relatively high levels of overall tax compliance exist despite audit and penalty rates being moderately low, indicating that factors beyond utility maximisation are present (Braithwaite et al., 2001).

Non-compliance can be interpreted as taxpayers’ expressive rebellion against enforcement actions of tax authorities, or laws that are perceived to be illegitimate (Murphy 2004). Smith and Kinsey (1987) argue that people’s social networks and associations help shape their perceptions, norms and attitudes, which then influence their responses to imagined and actual sanctions. (Murphy 2004).

Tax compliance is said to be affected by five broad factors (Walsh 2012):

- Deterrence
- Norms (both personal and social)
- Fairness and trust (in the tax administration)
- Complexity of the tax system
- Role of government and the broader economic environment
The New Zealand Tax authority\textsuperscript{22} show similar factors influencing the customers’ behaviours and the corresponding compliance strategy.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{tax_compliance_model.png}
\caption{Tax Compliance Model of the New Zealand Tax Authority}
\end{figure}

\section*{5.2.1 Deterrence Effects}

In the taxation literature, the economics-of-crime model of Becker (1968) has been applied and developed in compliance research. Unless anticipated legal penalties exceed the additional earnings that could be made by evading tax, the taxpayer is more likely to break the law using this expected utility function (Allingham and Sandmo, 1972). This assumption underlies the deterrence theory approach (Grasmick & Green, 1980, Murphy 2004, )..

\textsuperscript{22} New Zealand Compliance Focus 2010-2011 Compliance Focus
This rational choice model suggests taxpayers report liability in a way that maximises their expected utility of wealth.

Taxpayers are viewed as perfectly moral, risk neutral or risk adverse, utility maximising individuals who choose to evade tax whenever the expected gain exceeds the costs (Milliron and Toy, 1988).

A cost versus benefits scenario ~ a rational taxpayer assesses the costs and benefits of evading taxes and if the expected benefits (less income “lost” to tax) outweigh the costs (the chances of a non-compliant taxpayer being caught and the sanctions incurred) then the taxpayer will evade tax (Walsh 2012). Deterrence \(^{23}\) should positively influence taxpayers’ compliance (Slemrod, 2007).

Audit and other interventions and sanctions act as a vital tool for Revenues” targeted approach to deterrence facilitated by internal risk models for case selection. (Revenues REAP\(^{24}\) system). Revenue utilises a host of options to increase the possibility of audit, reduce opportunities for evasion and/or imposing stricter sanctions.

The standard model alone is not enough to explain the level of compliance as Smith and Kinsey (1987) have shown in the United States, even with the slim possibility of detection and punishment for non-compliance, the majority of

\(^{23}\) Deterrence: the risk of detection and the punishments incurred

\(^{24}\) R.E.A.P System is the Risk Evaluation Analysis Profiling model tool
American taxpayers are compliant. Research findings suggest that attitudes towards the tax system held by the taxpayers rather than any economic calculations or deterrence, are important in explaining taxpayers non-compliance (Kirchler, 1999).

Australian research has also shown that taxpayers report being generally compliant even when they believe others are not (Braithwaite et al., 2001). Wallschutzky (1984) indicates that attitudes are more important than opportunities (Murphy 2004). Another explanation is the tendency of people to overestimate the probability of being audited and the sanctions that might follow if evasion is uncovered (Reeson and Dunstall, 2009 as cited in Walsh 2012).

5.2.2. The Impact of Norms on Behaviour

Social psychology is proving to be a recurrent factor in tax compliance, creating an inherent desire to “wanting to do the right thing” and a belief that to comply because it is the right thing to do, i.e. for the „greater good”, rather that the deterrence or the fear of punishment if they do not comply (Wenzel, 2005).

Factors of socio-economic and psychological variables as seen in Chau and Leung”s modified Tax Compliance Model shows: demographic variables (e.g. age, gender, education) non-compliance opportunities (e.g. income level, source, occupation), attitudes and perceptions (e.g. peer influence, ethics, fairness) and tax system structure (e.g. complexity, probability of detection, penalties and tax rates) (Fischer et al., 1992).
The existence of social norms, social interactions and compliance for non-economic reasons resulted in taxpayers believing in a social conformity in society (Fortin et al., 2007).

![Image of Tax Compliance Model](image)

*Figure 3. Tax Compliance Model, Chau and Leung (2009)*

If individuals in peer groups held a belief that their peers were evading tax, then they were more likely to evade tax (Torgler, 2002).

Individuals’ personal norms and social norms prevail at large in society and an individual’s perception of how others around them “believe they should behave” (Miller 2005 as cited in Lederman, 2007) i.e. the subjective norm, these norms are inherent in the taxpayer and prove difficult to alter and affect their behaviour (Kirchler, 2008).
It is also important to remember that individuals are influenced by the ethical dimensions of their decisions (Alm and Torgler 2011) - Cultural Variables.

The Revenue Commissioners try and encourage openness and transparency with a “felt fairness”\(^{25}\) attitude and ethos while developing a cooperative compliance „engagement” with the larger international and multinational taxpayers. In the Revenue Statement of Strategy 2010 – 2014, Revenue states:

“We apply the law in a fair, consistent and sensible manner. We treat people in an even-handed way, presuming their honesty and giving them respect and courtesy”.

Revenue on Compliance\(^{26}\):

“We use risk analysis and intelligence to target and confront suspected non-compliance and to minimise intrusion on compliant taxpayers. We continuously innovate to simplify processes and improve effectiveness. We build partnerships and consultation mechanisms to work towards common goals”.

Revenues” communication and consultation policies ease the interaction of taxpayers with Revenue and emphasise its dedication to its customer service programmes. Revenue uses its customer service charter and feedback from numerous surveys conducted to improve the level of customer satisfaction and improve service provision efficiencies.\(^{27}\)

\(^{25}\) Feehily ,(2013) 33\(^{rd}\) Annual McGill Summer School.
\(^{26}\) Revenue Commissioners Statement of Strategy 2010 - 2014
\(^{27}\) SME Business Surveys Bi-annually, PAYE survey and most recently, Tax and Compliance Survey, compiled by Revenues research and Analytics Branch.
The local property tax project is Revenues first time collecting tax personally from the general public, from non-business owners or self-employed and the project has forced the majority of property owners to deal with Revenue who may never have done so, or needed to do so in the past.

Revenue treats its communication channels as a way to highlight the importance of compliance, the sanctions taken for non-compliance and to educate taxpayers on Revenues policies to build up positive personal norms. Revenue also publishes a list of tax defaulters on a quarterly basis of those who have incurred court fines for non-compliance. Alm and Torgler (2011) conclude that a „full house“ of compliance strategies are needed to combat tax evasion, including:

- Traditional „enforcement“ paradigm consistent with neoclassical theory
- A „service“ paradigm, that seeks a „kinder and gentler“ tax administration
- A new „trust“ paradigm that is built on the foundation of ethics, in which the tax administration decisions can erode the taxpayers ethics by its decision making.  

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28 Eroding Ethics – Tax authorities offering repeated tax amnesties or engaging in corruption can erode the taxpayers’ ethics.
5.2.3. Fairness and Trust (in the tax administration)

“If the people cannot trust their governments to do the job for which it exists – to protect them and to promote their common welfare – all else is lost,” President Barack Obama, 2006.

Factors affecting taxpayer’s compliance or evasion can be a two-dimensional perspective according to Kirchler’s (2008) “Slippery Slope”, „the correlation between Trust and Power”.

If the tax authorities are seen to have high power, this will mean greater compliance with tax laws. However it is equally important, that there is a high degree of trust.

If taxpayers doubt the intentions or aspiration of the broader government to use the money properly then levels of compliance will fall. Public perceptions are an important factor in compliance and engagement. Accountability and transparency are essential traits required in upholding the element of trust.

“Power tends to corrupt, and absolute power corrupts absolutely,” Sir John Dalberg-Acton, 1887.

Where a tax authority is not held accountable or cannot justify its decision making process, or where tax appeals are prohibitive by being too complex, unnecessary administration burden, costly, lengthy delays then these cause the erosion of trust.
On a government perspective, Dirks and Ferrin (2002), state that

"People will forgive a leader who compromises their trust because of a lapse of competence, but not with lapses of integrity"\textsuperscript{29}

There is also the aspect of trust in the technology and the fear that by filing in a particular way that one is perhaps more likely to be audited or other revenue intrusion, but at the launch of Revenues main on-line service for businesses, Revenue-on-line (ROS) the Revenue chairman Mr. Quigley gave reassurances that this would not be the case and that taxpayers confidentiality would be protected with a highly secure and trusted system.

\begin{center}
\textbf{Figure 4. Kirchler’s “SlipperySlope”}
\end{center}

Kirchler’s framework variables have an „optimum“, with diminishing marginal returns and to maximise compliance a balance must be applied to the types of deterrence interventions used.

\textsuperscript{29} To demonstrate integrity, leaders must do what they say they will do; live up to the values and beliefs
If the tax authority demonstrates high levels of power, due to the two variables being inherently linked, this can diminish the level of trust held by the taxpayers in the authority; (changing procedures, lack of consistency, frequent auditing, lack of communication, lack of transparency on decision making, no accountability), will lead to deference-oriented motivational postures increasing.\textsuperscript{30}\textsuperscript{31} (Hartner et al., 2008). Compliance needs to be nurtured and trust is the facilitator (Braithwaite and Makkai, 1994; Murphy, 2002). The perceived fairness in the operation of Revenues duties will create a culture of trust, achieve Revenues perceived/felt fairness aim, leading to enhanced co-operation, i.e. Good Citizen Reports (GCR”s)/whistle-blowing on tax evasion, increasing power and ultimately greater compliance (Muehlbacher and Kirchler, 2010).

Alm and Torgler (2011) mention that;

“Individuals are not always the outcome-oriented, egoistic, and selfish consumers envisioned by our standard theory but are affected in predictable ways by the processes by which outcomes are determined and also by notions of fairness, altruism, reciprocity, trust, social norms, and, more broadly, ethics.”

The „responsive regulation“ approach is where a „cooperative and persuasive approach“ is the paradigm.

\textsuperscript{30} Motivational postures are attitudinal in nature and based on evaluations about the performance and the attribution of the relevant authority (Braithwaite 2003).

\textsuperscript{31} (Resistance-distrust towards Revenue, but are available for persuasion from Revenue, Disengagement-taxpayers consider themselves outside the system, Game playing-attitudes towards legal rules, perception of laws to be interpreted in ways suitable for the own purpose).
For continuous non-compliance Revenue uses enforcement options which are the optimum method of attaining compliance (Braithwaite et al., 2007). Revenue has to balance their initial and sustained approach to taxpayers with the “service and client” approach to generate more trust and respect, rather than the “cops and robbers” approach based on sanctions (Walsh, 2012)

5.2.4. Complexity of the Tax System

Many taxpayers find tax a daunting subject and find that the complexity and lack of understanding of the tax can lead to non-compliance. Moser in 1994 conducted a linguistic analysis of tax laws and identified several issues outlining the difficulties of the ordinary taxpayer; use of abbreviations, high level of abstraction in the language, long and complex sentences, and orientated towards experts rather than to ordinary untrained readers (Kirchler, 2007). The tax authorities themselves are having issues with the tax complexity and are encountering expert tax advisors who are specialising in particular elements, as being an overall tax expert is unattainable. Lewis (1982) reports that there is an unreasonably high education required to comprehend the tax laws. Kirchler, (2007) states;

“*If the tax law is too complex for ordinary taxpayers*” comprehension, and if the complexity offers high-income earners the possibility to hire creative experts to find loopholes to reduce their tax liability, it is not surprising that ordinary taxpayers perceive the tax law as unjust and therefore devalue it”.

43
Uncertainty in the laws make it difficult for both sides to decide were the legal application of the laws ends and tax avoidance commences, and what the spirit of the law means by the writers of the legislation at the time. Taxpayers will seek advice from experts/accountants if they are having difficulty conducting their affairs and this advice assists them, in general, to make the correct declarations rather than availing of aggressive tax planning to minimise their tax charge.

One of the most significant elements of tax non-compliance has been detected to be a characteristic of the tax law, namely its complexity (Kirchler, 2007). Instead of rewording and simplifying the tax legislation, as results have shown that it has made the legislation longer and the complex issues still remain complex, Braithwaite (2005) believes the solution lies more closely to establishing general principles which are perceived as more promising guidelines for tax behaviour.

Revenue has focused strongly in developing their online facilities to make the process of interacting with Revenue more streamlined, efficient and to ensure the effective collection of taxes. This is paying dividends: Revenue collected €38.1 billion (gross) via the Revenue On-Line Service and by year-end over 780,000 customers had used Revenues’ PAYE anytime service, (a 112% increase on 2012) (Revenue 2014a). For LPT the revenue website processed 1.2 million LPT returns for 2013. Revenue states their commitment and strategy has been recognised internationally where, for the seventh year running, Ireland has been rated as the easiest country in the EU in which to pay business taxes (and the sixth easiest in the world).
The AITI\textsuperscript{32} state that

\begin{quote}
“the EU Commission and a number of European countries have identified regulatory reform as an important element of the Lisbon Agenda. A critical element of the regulatory reform agenda is the drive to reduce administrative burdens imposed by regulation. These burdens are the costs of meeting the information requirements of Government regulation. In simple terms, as far as tax is concerned, the costs of complying with tax law. International studies show that the tax system is the largest contributor to administrative burdens” (AITI, 2008).
\end{quote}

If the administration reduces complexity, this should lead to improvements in taxpayer behaviour (Alm \textit{et al.}, 2011). Many institutions and lobby groups over the years have requested for more straightforward procedures, using clear and comprehensible language capable of reaching the target audience - the everyday ordinary person.

Some taxpayers use agents, bookkeepers or accountants to do their bidding for them with Revenue, if the tax system was less complex, then this may reduce this burden on taxpayers. However, Revenue can benefit from the agents engagement and influence compliance by working with and consulting/actively listening to the accounting and taxation representative bodies in Ireland to achieve “buy-in” and support for changes in the tax system.

\textsuperscript{32} AITI Commission on Taxation Submission, 2008
5.2.5. Role of Government and Broader Economic Environment

Other factors outside of those already mention are grouped here, these are outside of the tax authorities control; Government spending, the macro-economic framework, the balance of taxation – government using the tax system to support economic activity, positively affecting unemployment, maintain an equitable incidence of taxation, and to implement the Programme for Government. 33

Following on from the Programme for Government and the necessary adjustments to the tax base, also with the implementation of the property taxes, to ensure compliance going forward, the government will have to maintain a “balance”. Revenue too has a balancing act to perform, balance relating to their number one priority of safeguarding the integrity of the tax system, sincere concern for taxpayers in genuine short-term difficulties while simultaneously not giving them an unfair advantage over those taxpayers who are meeting their obligations, (Feehily 2010).

33 Under Economic and Monetary Union, (EMU) Ireland must operate within the Stability and Growth Pact.
To show their published commitment in this area, a framework was implemented to give due consideration to previous satisfactory compliance records, but due to the recession having a substantial restrictional impact on legitimate business/taxpayers liquidity, Revenue is committed to working out an individual plan to assist them in meeting their tax obligations/debt. This isn’t likely to be a factor for the majority of property owners, but the option of phased payments is available to all.

Taxpayers may argue that if they comply while everyone else is evading tax, they are carrying a surplus burden and they are disadvantaged by complying in the first place (eroding finances and cash flow further).

The onus is on the compliant taxpayer who is experiencing difficulties to engage/communicate.

“Revenue has no desire to use the full weight of its enforcement powers against innocent victims of the recession, or to drag them through the Courts, but to avoid that, businesses must engage with us honestly, wholeheartedly and early”. (Feehily 2010).

Economic downturns are often associated with increased evasion as are higher tax rates if they incentivise taxpayers to move into the shadow economy. Enforced compliance is dependent upon the perceived ability of Revenue to penalise the

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34 Comptroller and Auditor General’s Report 2010
35 Case Decision Escalation Framework
36 Phased payments can be direct debits or deductions at source from salaries, pensions and some social welfare payments throughout the year.
non-compliant. Shadow economy activity deprives the Exchequer of funds and puts compliant taxpayers at a competitive disadvantage.\(^{37}\)

Utilising data, technology and analytics, Revenues approach to non-compliers is increasingly risk driven, sophisticated and attuned to achieve the maximum result in the most cost-effective manner (Feehily, 2014a).\(^{38}\) Revenues’ focus on light touch, early interventions from detailed monitoring of taxpayers, provides for „real time” audit and compliance interventions yielding €548.3 million in 2013 (Revenue 2014a). The Commission on Taxation Report 2009 recommends examinations of Ireland’s tax system at more regular intervals,\(^{39}\) to ensure the system is responsive to emerging social and economic developments and is always “ahead of the curve and never behind the game”.\(^{40}\)

Tánaiste Joan Burton aired her views at the 34th MacGill summer school in 2014;

> “any person looking to measure the trustworthiness and credibility of the institutions that play a role in their lives will measure both utterance and deed. Restoring trust in our institutions is not simply a matter of leaders matching words with actions but a problem is to do with the cynicism that now surrounds politics and public life – the notion that motives are always questionable, and that nothing is done simply in the public interest...leaders cannot of themselves “restore” trust in institutions. They can only work to “regain” trust through credible reform and sustained commitment to best practice that is both visible and persuasive”, (Burton 2014).

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\(^{37}\) It’s estimated the shadow economy represents 13% of Irish GDP, costing the Exchequer €6bn Annually, (Central Bank 2013).

\(^{38}\) Revenues enforcement options include, Court fines and prosecutions, referral to a Sheriff or Solicitor for collection, Attachment, Liquidation, Receivership, Examinership.


\(^{40}\) Commission on Taxation Report 2009
Governments current focus is on political, institutional and societal reforms, to redress inequality and redress the balance that the voices of the masses are heard and not just pandering to the super-wealthy or privileged. The reforms must be inclusive and cater for all social classes.

5.3 Tax Planning and Designing the Suite of Property Taxes

Since the abolition of Domestic rates in Ireland in 1978 a series of reports spanning 30 years since the early 1980s\(^41\) have all recommended a tax on property in one guise or another, that would bring Ireland in line with the European norm and United States. In 1978 the abolition of domestic rates by Sylvester Barrett, T.D.\(^42\) he announced in the Dail that;

\[
\text{\textbf{\textquoteleft\textquoteleft the need to modify the rating system in its impact on domestic property has thus been frequently admitted in the past. The several investigations and studies of the rating system undertaken in recent years have been prompted more than anything else by a basic dissatisfaction with the way in which rates bore on householders. We [the Government] are removing once and for all the burden of rates from over 850,000 householders and other persons benefiting from the new reliefs\textquoteright\textquoteright}}.\]
\(^43\)

The rating system mentioned above was not modified and the tax was abolished.

\(^{41}\) The first Commission on Taxation (Report Series 1980-1985), The second Commission on Taxation (2009) and OECD (2009)
\(^{42}\) The Minister for Local Government at that time
\(^{43}\) Dail Debates, Vol.307, 8th June 1978 Col 849-850
Before the 1980 budget, close to 750,000 people participated in marches advocating tax reform\textsuperscript{44} (O’Toole, 1993) The government paid a Rate Support Grant (RSG) to the local authorities\textsuperscript{45} as a substitute and heavy centralised funding ensued leading to significant underfunding and resulting in one of lowest levels of local taxes across the European Union (OECD 2008).

Ireland’s current economic and social challenges have lead the Government to adhere stringently to the specific implementation timetable of the IMF bailout\textsuperscript{46} within which the property tax was featured and was subsequently implemented based on the recommendations in the „Thornhill report“ (table 7, page 58).

The Commission on Taxation (2009 and previous versions) set out the principles, general and operational, to guide the design of the tax system.

\begin{center}
\textbf{General principles – Equity, Flexibility, Tax neutrality,}
\end{center}

\textit{Equity} – taxing persons on their ability to pay, key aspect of tax design in maintaining an equitable incidence of taxation. Increasing the fairness of the tax system was a commitment in the „Programme for Government“ and was a consideration here. Equity can apply to income but also to specific „consumers“ in societal sectors.

\textsuperscript{44} Following this in 1984 a Supreme Court decision deemed that agricultural rates, were unconstitutional and were also abolished.
\textsuperscript{45} As the Local Authorities were limited in their local sources of income
\textsuperscript{46} Property taxes covered in item number 4 and number 8 of the Memorandum of Understanding
- Horizontal equity – individuals with similar incomes should be taxed similarly – but if circumstances are not equal then the equity may seek to have the tax burden reduced for that individual.

- Vertical equity – burden of taxation to be distributed fairly amongst all those with an ability to pay and in ratio to their income, for example, high income - higher taxation, this is a progressive tax (the rate increased in line with the income)\(^{47}\).

**Flexibility** – An adaptive tax system capable of changing with economic factors, technological and other changing practices, flexibility in individual taxes to counterbalance each other if one was volatile and also flexible in the Revenue sources and tax base while maintaining proportionality.

**Tax neutrality** - Taxation without bias, tax design created with neutrality in mind.

**Simplicity** – as mentioned earlier in 5.2.4 Complexity of the tax system, clear, concise, jargon free and comprehensible requirements that the taxpayer understands will aid compliance.

**Operational principles** – Evidence-based approach, Pragmatism, Interaction between principles.

**Evidence-based approach** – using facts, information and benchmarks to guide the designing process. (In keeping with the terms of reference - Appendix 9)

\(^{47}\) The opposite of a progressive is a flat or a proportional tax, efficient to implement as the same amount applied to all.
**Pragmatism** – examining if the Irish tax system is optimal by reference to norms in other countries (Appendix 12)

**Interaction between principles and other yardsticks** – conflicting demands on tax design but were necessary and influential in the process to ensure stability and predictability of the tax base and scale.

(All tax design must be cognisant of any overriding principles in the European Commission Treaty, European Union Directives and Double Taxation Treaties).

These principles shaped the form of the „local property tax“;

- payable by the owner on the market value
- calculated based on valuation bands at a proportionate rate
- equity - ability to pay, include exemption and deferral criteria
- provide a wide range of payment options

Timing - It is less difficult to implement a property tax when the property market is at the end of an economic down-turn yet unemployment rates at between 12 – 15% during 2011 – 2013 have to be acknowledged and included i.e. see equity above.

Property tax revenues to be hypothecated for local government financing once the tax is established and the rate setting devolved to local government by Q4 2014 for Tax year 2015 and beyond.
The Commission laid out the desired elements and guiding principles of a property tax, the scope of which was investigated by the ESRI reports 2012 and ultimately the Inter-departmental Group publishing the „Thornhill Report“ 2012 which brought to life the „Annual Property Tax“ under the Local Property Tax project.

5.3.1 Household Charge

The Household Charge (HC) was introduced by the Local Government (Household Charge) Act 2011 which was a flat-rate charge payable by owners of all residential property and operated solely for 2012 as an interim precursor measure to local property tax. It was a matter for owners of residential properties to register and pay the Household Charge after 1 January 2012 (liability date).

The blanket rate charge € 100 did not differentiate between property values, location or ability to pay.

This was implemented and paid to local authorities over the jurisdiction of the property location. This broadened the revenue tax base as it encompassed 1,944,246 million properties (Revenue 2014a).

48 ESRI – European Social and Research Institute
The authorities recorded the property details of those who paid this charge in 2012 and this was centrally controlled by the Local Government Management Agency (LGMA) to ease the exchange and cross-referencing with Revenue for 2013 property tax purposes. Revenue was tasked with collecting any unpaid Household Charge outstanding on 01/07/2013. The Household Charge created a revenue stream for the local authorities of €114m by year end 2012. The compliance rate for the national Household Charge was 70% for 2012.

Since Revenue took over this responsibility €29m arrears has been collected and an additional 205,000 properties are now Household Charge compliant (Revenue 2014b).

The most common form of local government taxation in other jurisdictions in Europe and the United States is some form of local property tax. Efforts to radically change the rates base of local tax to a Poll Tax in the U.K. during the 1980s, as an alternative form of local taxation, caused huge civil unrest. That experience has also coloured perceptions in Ireland and there is currently on-going Supreme Court challenges to the legality and constitutionality of the tax.  

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49 Including penalties of €100 - thereafter the charge became €200
50 Acorn to Oak Communications (a special-purpose vehicle that was set up by the „Attack the Tax” campaign group) has brought a legal challenge on behalf of Mr Keegan, of Westport, Co. Mayo. Mr Keegan was being pursued by Mayo County Council for non-payment of Household Charge on five properties. Mr Keegan's case was struck out of the High Court but is currently on appeal at the Supreme Court over the constitutionality of the tax.
5.3.2 Local Property Tax Rationale

Local Government Bill 2013\textsuperscript{51} was announced by Mr Phil Hogan, T.D.,\textsuperscript{52} to fundamentally reform the local government system in Ireland, speaking on the issue he said;

“This is the first time in over 100 years that we have attempted such a radical reform but it is necessary to bring our local government system up to date and to provide the kind of service our citizens deserve”.

The tax design has to factor in the net impact of homeowners between the property tax liabilities and the abilities of the owners to pay, you could have low-income earners with high property values, it’s not always high earners who have high value properties, the tax planning has to cover every conceivable scenario and allow provisions for it.

In ESRI Paper 11 (Heady 2009 as cited by Keane \textit{et al} 2012) it outlined the features of property taxes which makes it an important feature of tax systems in most industrialised countries:

• property is immobile and taxes on property are hard to avoid or evade,

• property tax revenue can be used to reduce the burden of income taxation and has fewer behavioural consequences than income taxes,

\textsuperscript{51} The Local Government Bill 2013 will give effect to the reforms approved by Government in October 2012, after the publication of the “Action Programme for Effective Local Government – Putting People First”

\textsuperscript{52} Minister for the Environment, Community and Local Government at the time.
• property taxes can offset distortions caused by favourable tax treatments of owner occupation which tend to cause over-investment in housing,

• property is a major component of wealth,

• property is suitable as a local tax base.

Implementing property tax has less impact on growth and employment than income tax or indirect tax, (Conefrey et al. 2008) and as part of the International Monetary Fund support package it was inevitable that the time for the tax was fast approaching. The Irish tax authorities were focusing on a long term plan – a system wide approach to the property tax, that while the implementation time was extremely short Revenue still managed to implemented it to a very high level. (i.e. Within 6 months of the tax being announced in the budget, Revenue already had 1.59 million property owners filing their returns, achieving a 90 % compliance rate – see Appendix 8 for Implementation Timeline).

The main aim was to make it as easy as possible to pay and hard to avoid. The previously abolished domestic rates in the 1970s were based on “the valuation of the house” but the valuation basis dated back to the late 1840s using “net annual valuation” of the property involving lump sum payments. This system was heavily criticised, antiquated, inequitable and very unpopular. The rates were also highly salient and were unconnected with inflation, wages or ability to pay.

53 The amount of the tax was contingent on the „rate in the pound” struck by the local authority which was in turn based on the amount of revenue required by the local authority for its annual budget, Commission on Taxation (2009)
Another attempt at residential property tax was made in 1983 – 1997 using a high property valuation exemption limit and an income exemption limit, affecting only five per cent of households and generating very little income, mostly in the Dublin region (table 3). The failure of Irish domestic property rates to be equitable has instilled fear in the public attitudes on Irish property taxes and the government and revenue have to quell these fears through extensive communications to the general public and specifically the property owners.

Revenue has considered the wealth of assessments and arguments contained in the literature to date to implement the most fair and consistent tax plan being mindful of the current economic situation, when property prices are at an all-time low after a property market collapse and to ensure the difficulties and lessons learned from the past were put into practice.

An annual reoccurring tax on property is more benefitting that the transactions based stamp duty tax, as the latter is seen as a restriction or a barrier to mobility, some property owners in the past paid high consideration for stamp duty that adds to their current negative equity and therefore they must stay in the same home and cannot afford to leave. Keane (et al 2012) mentioned that;

“this works against efficient use of the housing stock, and discourages labour market mobility”.

An annual reoccurring tax escapes the boom to bust journey of the property market and is independent, providing a steady and reliable source of revenue from a much broader tax base.
5.3.3 Thornhill Report
The latest government commissioned report on the „Design of A Local Property Tax” is the Thornhill Report (2012) which meets with the bailout criteria.

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<tbody>
<tr>
<td>1. Residential property owners, including rental properties were liable</td>
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<td>2. Certain properties should be exempt</td>
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<tr>
<td>3. Market value of the property should be basis of assessment</td>
</tr>
<tr>
<td>4. A system of self-assessment and self-declaration</td>
</tr>
<tr>
<td>5. A system of market value taxable bands of €50,000, taxed at mid-point value*</td>
</tr>
<tr>
<td>6. Accruing revenue to local authorities (offsetting reductions in support from exchequer)</td>
</tr>
<tr>
<td>7. Approximately 65% of the revenues arising assigned to local authorities in which the taxable properties are located. The balance to be administered by the Minister of Environment to underfunded local authorities</td>
</tr>
<tr>
<td>8. A locally determined element should be incorporated based as a percentage of the market value</td>
</tr>
<tr>
<td>9. Compilation of a comprehensive database of properties i.e. LPT Register</td>
</tr>
<tr>
<td>10. Voluntary deferral arrangements (inability to pay – Income threshold limits)</td>
</tr>
<tr>
<td>11. The NPPR should be absorbed into the LPT as a separate supplemental tax in addition to the LPT at the existing level applying to non-principal residences.</td>
</tr>
<tr>
<td>12. Revenue Commissioners are responsible for all aspects of LPT including administration, collection, enforcement and audit.</td>
</tr>
<tr>
<td>13. Collection at source from payroll as a payment method option</td>
</tr>
<tr>
<td>14. The rate of interest applied to late payments is a standard Revenue rate</td>
</tr>
<tr>
<td>15. Interest and penalties in the evasion of LPT treated the same as for other taxes i.e. Tax defaulters published</td>
</tr>
<tr>
<td>16. Revenue to develop a secure website to show the LPT status of each property</td>
</tr>
<tr>
<td>17. Revenue along with other departments to develop an implementation plan to include the development work necessary to identify liable properties.</td>
</tr>
</tbody>
</table>

Table 7. A summary of recommendations from the Thornhill report
* Except band 1: € 0 to 100,000 valuation.
Terms of reference of the Interdepartmental group, Appendix 9, and Terms of reference of the of the ESRI, Appendix 10.
Dr. Thornhill (Chairman) decided on a market value approach after considering market value and site value\(^{54}\), the decision to go with the former was due to the following factors:

- Tried and tested, extensively used in Europe and previous Irish reports were in favour also. (Selected International Property Tax Systems, Appendix 12)

- Site valuation deemed much more difficult to calculate, making the valuation more complex and opaque for the owner, having to separate the value of the residence from the site would be problematic

- the market value of the property is related to the characteristics of the building, the location and amenities, easier to quantify

- Easier for all concerned to implement a transparent register of conveyances and record the values of properties changing hands. (In 2011 a Residential Property Price Register was established\(^{55}\) that was fed from conveyance documents processed via the Revenue Commissioners for stamp duty purposes)

For the Irish local property tax it was decided to have a valuation based on the entire property\(^{56}\), and that if an annex or self-contained accommodation was with the main property, if it could not be sole independently then the valuation was to be based on the combined value. Property Valuation Bands, Appendix 11.

\(^{54}\) Site Value – the taxable value of the land on which the buildings stand

\(^{55}\) Property Services Regulatory Authority manages the register.

\(^{56}\) A residential property means any building or structure which is in use as, or is suitable for use as, a dwelling. It includes any shed, outhouse, garage or other building or structure and any yard, garden or other land, appurtenant to or usually enjoyed with that building. However, any yard, garden or other land that exceeds one acre shall not be taken into account for the purposes of this definition.
Overall the majority of Thornhill’s recommendations were enacted. In relation to local variations in property tax rates, the plan has inherent power given to the local authorities to implement a fifteen percent change; increase, decrease or accept the existing monetary rate payable for each valuation band to make up for local variances (Keane et al. 2012, OECD 2014).

Property values are self-assessed because there are no up to date survey records and Revenue has provided an interactive valuation guide on-line containing information on average market values of local properties offering indicative valuation bands. Revenue also provides an estimate for each property and this is pursued where the owner is uncooperative.

Declarations on valuations are valid for a three year period until the end of 2016, this cycle will continue to ensure the valuations are in line with market trends and economic shifts. Revenue can raise an assessment if it believes the property value is under declared. Revenue has set the rate for the initial year of local property tax at 0.18 per cent for properties up to a market value of €1m and 0.25 per cent on the portion above €1m.
6.0 Research Methodology
6.1 Introduction

The aim of this research is to show a correlation between the broad factors that lead to taxpayers being compliant through the current project of local property tax and to be able to apply these factors in future tax implementation projects in Ireland. Taxpayer’s attitudes and behaviours have been studied in the Irish context but not in relation to or in conjunction with the property taxes to date.

“Recent developments have seen tax administrations move towards trying to better understand taxpayer behaviour and to use the behavioural insights developed from research to change behaviour more effectively and from a more scientific perspective”. Walsh (2012)

The aim of this research is to decipher the association between taxpayer’s behaviours and successful tax compliance to add to the literature in existence on general compliance and to offer a presence in the area of the property tax project as implemented in Ireland. An analysis of the research methodologies and methods was conducted to find the one most appropriate or combination for this area of research.
6.2 Methodology

What is methodology? Collins dictionary describes it as

“The branch of philosophy concerned with the science of method and
procedure”.  

The meaning of the term methodology in a research context is referring to the
overall approach(s) and the perspectives of the process. It is the philosophy or
general principle which guides the research including issues such as the
constraints, dilemmas and ethical choices. It covers the theories of gathering
knowledge, how we can know what we are able to know (Dawson 2002).

“Methods refers to techniques and procedures used to obtain and analyse
data...methodology refers to the theory of how research should be
undertaken” (Saunders 2012).

Research is encompassed by a philosophy which relates to the development of
knowledge and the nature of that knowledge (Sanders 2012). The aim of this
research is to develop knowledge in the chosen field.

The process is akin to travelling on a journey where you interact with choices,
decisions, constraints and perhaps make more educated choices and better use of
opportunities from learning how to research and overcome inherent biases and
subjectivity.
Wilson (2013) has a clustered vision of what constitutes research methodology indicating that the methodology is the sum of the six outer aspects as depicted in his “Honeycomb” analysis. He states that it is not a staged or linear process but that the centre “methodology” being the synergy of its parts.
6.3 Research Philosophy

Saunders mentions that our view of the world will affect our philosophy choices, although the overriding influence will be by our view of the relationship between knowledge and the process by which it is developed (Saunders, 2009).

![Figure 6: “The Research Onion” (Saunders, 2009)](image)

Saunders “Research Onion” depicts the levels/layers of the typical research project and how each layer needs to be addressed while working towards the centre. The researcher’s philosophy will bear an impact on deciding the strategies implemented and will dictate the course of research methods applied so the researcher has to be mindful of this in making the choices and be able to defend their choices.
As Johnsons and Clarke (2006, cited in Saunders 2009) the important issue is not about being philosophically informed, but how well we can reflect upon the philosophical choices and defend them in relation to the alternatives that could have been adopted. It is essential to have an understanding of the researcher’s predetermined inherent philosophical values so their assumptions can be examined, challenged, changed or considered - to minimise their bias or inappropriateness, if relevant.

<table>
<thead>
<tr>
<th>Ontology: the researcher’s view of the nature of reality or being</th>
<th>Positivism</th>
<th>Realism</th>
<th>Interpretivism</th>
<th>Pragmatism</th>
</tr>
</thead>
<tbody>
<tr>
<td>External, objective and independent of social actors</td>
<td>Is objective. Exists independently of human thoughts and beliefs or knowledge of their existence (realist), but is interpreted through social conditioning (critical realist)</td>
<td>Socially constructed, subjective, may change, multiple</td>
<td></td>
<td>External, multiple, view chosen to best enable answering of research question</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Epistemology: the researcher’s view regarding what constitutes acceptable knowledge</th>
<th>Positivism</th>
<th>Realism</th>
<th>Interpretivism</th>
<th>Pragmatism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only observable phenomena can provide credible data, facts. Focus on causality and law like generalisations, reducing phenomena to simplest elements</td>
<td>Observable phenomena provide credible data, facts. Insufficient data means inaccuracies in sensations (direct realism). Alternatively, phenomena create sensations which are open to misinterpretation (critical realism). Focus on explaining within a context or contexts</td>
<td>Subjective meanings and social phenomena. Focus upon the details of situation, a reality behind these details, subjective meanings motivating actions</td>
<td>Either or both observable phenomena and subjective meanings can provide acceptable knowledge dependent upon the research question. Focus on practical applied research, integrating different perspectives to help interpret the data</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Axiology: the researcher’s view of the role of values in research</th>
<th>Positivism</th>
<th>Realism</th>
<th>Interpretivism</th>
<th>Pragmatism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research is undertaken in a value-free way, the researcher is independent of the data and maintains an objective stance</td>
<td>Research is value laden, the researcher is biased by world views, cultural experiences and upbringing. These will impact on the research</td>
<td>Research is value bound, the researcher is part of what is being researched, cannot be separated and so will be subjective</td>
<td>Values play a large role in interpreting results, the researcher adopting both objective and subjective points of view</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Data collection techniques most often used</th>
<th>Positivism</th>
<th>Realism</th>
<th>Interpretivism</th>
<th>Pragmatism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly structured, large samples, measurement, quantitative, but can use qualitative</td>
<td>Methods chosen must fit the subject matter, quantitative or qualitative</td>
<td>Small samples, in-depth investigations, qualitative</td>
<td>Mixed or multiple method designs, quantitative and qualitative</td>
<td></td>
</tr>
</tbody>
</table>

Table 8. Comparison of four research philosophies from Saunders (2009)
The research of why local property tax compliance is so high involves gaining an insight into the property owners behaviours and the drivers behind those behaviours i.e. Taxpayers values, beliefs and attitudes – to reflect on these motivation drivers, to analyse them, creating acceptable knowledge from which theories/stances are derived. These can then be considered in future tax project planning and design to build on the successes of earlier tax projects. Research questions in the real world, often fall into more than one philosophical category. Philosophies; Ontology and epistemology have differing influences on how the research process is thought of.

**Ontology** is

“What reality is like, the basic elements it contains from the researchers viewpoint” (Silverman, 2010)

**Epistemology** is

“Study of the criteria by which we can know what does and does not constitute...knowledge” (Johnson and Duberley, 2000)

![Figure 7. A Hierarchical approach to a paradigm (Kyrö, 2002)](image)
Tashakkori and Teddlie (1998) suggest that it is more appropriate for the researcher to think of the philosophy adopted as a continuum rather than opposite positions. (Cited in Saunders 2009)

Business research is most commonly a combination of positivism and interpretivism (Saunders 2009), with the researcher in this instance conducting informal interviews with the upper level management tier of the Revenue Commissioners involved in the local property tax project to form the basis of the questionnaire. This mixed/pluralist approach which will endeavour to combine both qualitative and quantitative approaches – called triangulation (Dawson 2002) enabling the researcher to counteract the weaknesses in both qualitative and quantitative research. A literature review is also critiqued along with secondary data combined with creating and conducting primary data collection.

Creswell (2002) and Thomas (2003), deem both qualitative and quantitative methods complementary with no one paradigm actually prescribing or prohibiting the use of either methodological approach. In fact it is the view that research which eschews the use of both qualitative and quantitative research approaches is impoverished (Mackenzie and Knipe 2006).

“Both qualitative and quantitative methods may be used appropriately with any research paradigm. Questions of method are secondary to questions of paradigm, which we define as the basic belief system or worldview that guides the investigation, not only in choices of method but in ontologically and epistemologically fundamental ways” (Guba 1994, as cited in Saunders 2009).
6.4 Methodology selection

Methodology is not an end in itself, Denzin and Loncoln (2011) quantify it as,

“A strategy of inquiry refers to a bundle of skills, assumptions, and practices that researchers employ as they move from their paradigm to the empirical world. Strategies of inquiry put paradigms of interpretation into motion”.

Figure 8. Basic philosophical choices derived from Ballantyne, (1991)
Tashakkori and Teddlie (1998) pragmatism avoids the researcher contemplating debates on concepts of truth and reality, when studying what is of interest to the researcher and using methods appropriate to their values.

A pragmatist’s view is that mixed methods are necessary on certain research with both qualitative and quantitative methods used, the researcher agrees with this view for this paradigm testing.

Figure 9. Table of Methodological Choice, Saunders (2012)

However, as “mixed methods” are used, figure 9 outlines that multimethods and mixed methods have differences, i.e. multimethods – more than one data collection technique can be used but is restricted to within either quantitative or qualitative design (Tashakkori and Teddlie, 2010) as cited in Saunders).

The researcher is mindful of methodological awareness, Silverman (2010) states

“the procedures and evidence that have led to particular conclusions, always open to the possibility that conclusions may need to be revised in the light of new evidence”.

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6.5 Research Approach

As the researcher progressed through Saunders „Research Onion“ (figure 6) the research can be approached in the following ways: Deductive or Inductive.

Saunders, (2009) outlines both as:

**Deductive approach** – Testing theory: in which a theory and a hypothesis would be developed and design a research strategy to test the hypothesis, (positivism philosophy) akin to scientific research.

**Inductive approach** – Building theory: data collection would be conducted and develop theory as a result of the data analysis. (interpretivism philosophy).

Major differences between deductive/inductive approaches to research, Saunders (2009)

<table>
<thead>
<tr>
<th>Deduction emphasises</th>
<th>Induction emphasises</th>
</tr>
</thead>
<tbody>
<tr>
<td>• scientific principles</td>
<td>• gaining an understanding of the meanings humans attach to events</td>
</tr>
<tr>
<td>• moving from theory to data</td>
<td>• a close understanding of the research context</td>
</tr>
<tr>
<td>• the need to explain causal relationships between variables</td>
<td>• the collection of qualitative data</td>
</tr>
<tr>
<td>• the collection of quantitative data</td>
<td>• a more flexible structure to permit changes of research emphasis as the research progresses</td>
</tr>
<tr>
<td>• the application of controls to ensure validity of data</td>
<td>• a realisation that the researcher is part of the research process</td>
</tr>
<tr>
<td>• the operationalisation of concepts to ensure clarity of definition</td>
<td>• less concern with the need to generalise</td>
</tr>
<tr>
<td>• a highly structured approach</td>
<td></td>
</tr>
<tr>
<td>• researcher independence of what is being researched</td>
<td></td>
</tr>
<tr>
<td>• the necessity to select samples of sufficient size in order to generalise conclusions</td>
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</table>

*Table 9. Differences in deductive and inductive approaches to research*
6.6 Research Strategy

The strategy choice must be the best fit to assist the researcher in answering the research question and objectives while matching the philosophical tendencies of the researcher. The frequent strategies consist of Experiment, Survey, Case study, Action research, Grounded theory, Ethnography and Archival research (Saunders 2009). Dawson, (2002) focuses on Interviewing – unstructured, semi-structured and structured, focus groups, questionnaires and participant observation. The researcher believes that the research methods most appropriate for this body of work are semi-structured interviews with Revenue personnel involved with the property taxes project and questionnaires for the sample to participate on. The semi-structured interview has a number of questions that are put to each interviewee to contrast and compare on specific information. (Appendix 13 Question-set, Appendix 14 for Interview recordings). The researcher is to be aware of the different types of research. Analytical is the main focus of this research extending into predictive in the conclusion.

![Table 10. Different types of research (Saunders 2009)](image)

57 Chapter 4, 4.2
6.7 Time Horizons

When research is being planned the particular time or period of time must be decided. If it is a “snapshot” of real time to be taken and studied this is commonly referred to as „cross-sectional” time horizon, this is in contrast to a series of „snapshots”, a representation over a longer period of time or events similar to a diary is referred to as a „longitudinal” study (Saunders 2009).

6.7.1 Cross-Sectional Time Horizon

Due to the time constraints of most academic courses „cross sectional” time horizon is the most common choice for research projects. Longitudinal could also be used for these projects if sufficient time exists to analyse the data. For cross sectional” studies the survey is the most common strategy used to “describe the incidence of a phenomenon”, or using qualitative case studies - many compiling interviews taken over time (Saunders 2009).

6.7.2 Longitudinal Time Horizon

Factoring in time constraints it is possible to use „longitudinal” research by considering reanalysing already collected data. For example;

Revenue outsourced a survey to a third party\textsuperscript{58} on „Attitudes and Behaviour towards Tax and Compliance”.

This research is a “snapshot” and results from previous Revenue surveys will be compared in Chapter 8.

6.8 Data Collection Methods

As the research topic can vary as to its proportion of effectiveness throughout the population, it is important to demonstrate that the findings on the topic are of relevance to the wider population (Bryman and Bell, 2003) A census is collecting data from every possible case, this is not possible in most research scenarios. Sampling techniques offer a range of methods to collect from a sub-group rather than all elements (Saunders 2009). Sampling combined with interviewing and observation can be cost effective and time saving. This research has the potential of including all property owners of 1.9m properties as a sampling frame, but also non property owners would have an opinion on this tax.

Convenience sampling was used in this research to make inferences about the wider population. The questionnaire was conducted outside two shopping centres, one in Limerick city, and one in Galway city over a period of two days. The theory of going door-to-door was examined, but would be restrictive as the attitudes, bias and influences towards a particular local authority could be limiting.

\textsuperscript{58} 60 trained and experienced Millward Brown IMS employees interviewed 1091 taxpayers, fieldwork completed February 2009 and findings published in 2013.
It was essential in focusing on the sources of the samples being high volume areas, with a geographical spread with a diverse experience of local authorities and property taxes. Under analysis, the results would have benefitted with a greater age spread and a broader “current occupation” selection. This research is representative of the sample who participated, but is not large or diverse enough to represent society.

### 6.9 Data Collection, Editing and Coding

There are two distinct data types:

<table>
<thead>
<tr>
<th>Qualitative</th>
<th>Quantitative</th>
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</thead>
<tbody>
<tr>
<td>• subjective in nature</td>
<td>• Generating / compiling of statistics - use of large scale survey research</td>
</tr>
<tr>
<td>• analysis of values, perceptions, attitudes, behaviour and experiences</td>
<td>• Numerical data analysis</td>
</tr>
<tr>
<td>• Use interview or focus groups</td>
<td>• Statistical analysis and detailed results</td>
</tr>
<tr>
<td>• Fewer subjects but over a longer time perhaps</td>
<td></td>
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#### 6.9.1 Qualitative Data

This was deemed the most appropriate method to explore the preliminary data required to form the basis of the quantitative data. Guided by the mind map (Appendix 6) a question-set was devised for this purpose (inductive approach). This led to four semi-structured interviews with upper level management in Revenue to gain in-depth opinions on the property tax project to form the basis of the questionnaire (deductive approach).
The semi-structured nature allows for a natural flow of communication which is in contrast to the structured interviews which eliminate the spontaneity of the interaction. Refer to Appendix 14 for interview recordings.

Dawson (2002) outlines qualitative data as:

- Action Research (facilitator)
- Ethnography (interpreting, submersing, observing)
- Feminist research (overcomes “male” dominated research)
- Grounded theory (data collection, theory generation, grounded and stemming from data)

### 6.9.2 Quantitative Data

Quantitative data in its raw form provides very little meaning, after it is processed and analysed it becomes comprehensive information. This quantified data is used to answer the research questions. The questionnaire is one of the most widely used data collection techniques within the survey strategy. Each respondent answers the same question set providing an efficient collection of data for large samples prior to quantitative analysis (Saunders 2009). It is paramount to consider the question set to collect the precise data required as often there is only one chance to engage with the respondents.

This research has used analysis techniques such as charts and statistics to explore and present the data.
The phases are outlined below and phase 1 included pilot testing.

The question sets were designed to be clear, precise and carefully laid out. It included standardised questions the researcher was confident were interpreted uniformly by the respondents (Robson 2002 as cited in Saunders 2009). Questionnaires are either administered by the interviewer or by the respondent.

In the case of this research they were all interviewer administered and the data transcribed online using survey gizmo.

This questionnaire was a „snapshot” but has the potential to become part of a longitudinal study if compared with results from Revenues survey on „Attitudes and Behaviour towards Tax and Compliance,” 2013, based on this a number of questions used in this research are the same as in the earlier survey to demonstrate any change in the attitudes and behaviours. This will be examined in Chapter 8.
Chapter 7 Results and Findings
7.1 Qualitative Data Editing and Coding

Semi-structured interviews were conducted as part of the qualitative data collection for this research which led to the foundation of the quantitative method in the form of the questionnaire.

Interviews were conducted with four participants who work in the Revenue Commissioners and would have dealings with aspect(s) of the current local property tax/Household Charge units and the implementation of the initial project and the continual management of same. The basic question-set for the semi-structured interviews is contained in Appendix 13, the recordings of same is contained in Appendix 14.

7.1.1 Interview Findings

The main areas covered in the semi-structured interviews were:

a) Implementation time frame and research into best practice
b) Successful elements of the project
c) Fairness, compliance factors and motivators
d) Lessons learned and future developments

The main responses from the interviewees in relation to a) were: that although the time frame was short, there was not any similar project that it could have replicated. That there was no risk to Revenue and it operated to maximum ability to ensure smooth administration. Planning division would have focused heavily on the procedures for the local units to implement the taxes with sufficient guidance and instructions.
A more joined up approach may have assisted as the geographical spread of Revenue offices in Dublin, Limerick and Ennis all being involved in various elements. In terms of administration it was best for Revenue to be applying the tax to property owners rather than occupiers as this is less transient and possibly more long term.

The main responses from the interviewees in relation to b) A resounding yes that the project is a success, but a cautionary note that issues could arise in maintaining compliance and Revenue are not to get complacent. Successful and rapid staff mobilisation was managed and adaptable resources were put in place. Some internal efficiencies can still be worked on. Tax collection is about compliance and successful compliance is a measure of effective collection. Revenue also has a comprehensive register which is the result of a significant investment of resources.

The main responses from the interviewees in relation to c) yes that it is a fair tax, that the exchequer required financing and a belief that Revenues compliance mechanisms would be enacted for non-compliers. The payment methods and on-line system make it easy to comply, encouraged by the low tax rates and media attention. It is the desire of many to be tax compliant even in recessionary times.

Revenue Dublin; Planning. Limerick; Inward processing unit, Payment Accounting, and support Call Centre. Ennis; Local Property Tax headquarters, main call centre and areas of specialisation.

59 Revenue Dublin; Planning. Limerick; Inward processing unit, Payment Accounting, and support Call Centre. Ennis; Local Property Tax headquarters, main call centre and areas of specialisation.
This is motivated by regular publication and broadcasting of compliance statistics. Revenue spokespersons participated in over 100 local and national radio broadcasts to communicate with Revenues message.

The main responses from the interviewees in relation to d) that if local property tax is still in existence after the next election\textsuperscript{60} the main focus will be on maintaining compliance, extending the online facility to minimise non-compliance and make it obligatory to use this system will be the most efficient way forward. Revenue has the adaptability and technological resources to implement any tax or charge. A commonly speculated one is the „Broadcasting chare” – but only the government can set the agenda in this regard.

\textbf{7.2 Quantitative Data Editing and Coding}

The questionnaire was administered anonymously and confidentially and to best practice guidelines in data protection. There were eleven pilot tests conducted to verify the consistency of the questioning and to highlight areas omitted. The testing also highlighted gaps in the recording of the information and allowed the researcher to verify that all the possible answers/options were capable of being recorded and accounted for. It allowed the researcher to rectify any anomalies and led to slight modification of the layout and flow of a particular question set. Refer to Appendix 13 for the survey and Chapter 7.2.1 for the results.

\textsuperscript{60} Next general elections - before the 3\textsuperscript{rd} April 2016
The results from the survey (n=50) were analysed via online software from the website facilities at www.surveygizmo.com. Charts were created as a visual aid to reflect the results of each question. The data was interrogated and analysed so correlations could be made and cross referring was carried out where necessary.

7.2.1 Questionnaire Findings

Sixty one out of seventy five respondents participated, results numbered 01-11 were the pilot testing phase and were removed from the data set for result compilation. For the data preparation phase, results were analysed from participant results numbered 12-62 inclusive. The questionnaire was divided into a number of areas

I. General Background Information
II. Household Charge Level of Awareness
III. Local Property Tax Level of Awareness
IV. Perceptions of The Uses of The Tax Collected
V. Influencing Factors on Behaviour
VI. Participants Personal Perceptions of The Tax And Revenue
VII. Indicators of Future Compliance
VIII. Influencing Factors on Behaviour
IX. Background Payment Information
X. Necessity of Assistance
XI. Demographic Snapshot
I. General background Information

As can be seen in Figure 10, radio, television and newspaper media were the higher scorers from the above results. Direct contact scores low at 4%, which could be the result of the local authorities’ policy of only some local authorities writing out individually to home owners about the tax while other local authorities embarked on media campaigns instead which may have added to the source of the media publicity. While the local authorities had access to the non-principle private residences, the voting register, planning applications information and possible services charge provisions in their areas, there was not an official property owners register in place at this time which may have curtailed their communication efforts. It is also interesting to note that 6% heard about the charge from Revenue who would have only commenced this arrears compliance programme in March.
2014 as compared to the local authorities who were collecting this since January 2012.

![Pie chart showing initial awareness of the Local Property Tax](image)

*Figure 11. Initial awareness of the Local Property Tax*

*Figure* 11 shows growth in the media channel of the television communicating about the local property tax with the direct contact from Revenue at 11%. The public media accounts for 68% as compared to 12% for direct contact, this is similar for the Household Charge of 72% for the public media and 10% for the direct contact.

During early 2014 there was Local and European elections taking place which encompassed the property taxes agenda where it was heavily debated adding to the publicity.
Figure 12 72% of those surveyed were the owners of property(s) within the Irish state. This excluded properties located in northern Ireland due to the tax not applying in that jurisdiction irrespective of the owners domicile or residence situation. 28% were non-owners but this does not deprive them of an opinion on the property taxes.

Figure 13 The highest proportion being in the joint ownership category, the researcher contemplated the option for “multipal” property owners but decided against it as being too intrusive and it was believed that the participants attitudes and behaviours were measurable irrespective of the number of properties they owned, if any.
Almost half would pay the tax if it applied to them in the future which is a good indicator for future compliance of participants who may purchase or inherit residential property within the state.

II. Household Charge levels of awareness

47% in figure 15 indicated that they agree or strongly agree (8%, 39%) to being well informed on the Household Charge with an equal amount indicating that they disagree/strongly disagree (41%, 6%) to the question posed so it is an evenly split response.
38% indicated that they agree/strongly agree in figure 16 (4%, 34%) to receiving adequate information on the charge with 47% indicating that they disagree or strongly disagree (38%, 9%). This shows there may have been an inadequate level of information provided to almost half of those surveyed. It is important to remember here that it was a policy of only some the local authorities to write out to property owners whereas other local authorities conducted blanket general local media campaigns.
Results of *figure* 17 show 46% agree/strongly agree (8%, 38%) to understanding the information received, while over one quarter are undecided (27%) and an equal amount indicating that they disagree/strongly disagree (25%, 2%). The neither nor category could be due to not receiving any personal communication from the local authorities as mentioned previously and if they had paid it prior to Revenue taking over responsibility then Revenue would not have had to communicate with them on the issue either.
Results in figure 18 show half either agreeing/strongly agreeing (8%, 42%) to seeking further information on the charge, over one fifth are undecided with neither agreeing nor disagreeing (21%). The 50% seeking further information shows that perhaps the campaign run by the local authorities could have included a more comprehensive and consistent approach to its community members with adequate information on the topic given to each household. These 50% were inadequately informed, the trend in the last three figures are strongly of the view that there was a failure of the local authorities to address this issue and a failure by them to inform the members of their locality and keep them abreast of this topic.
Results in figure 19 show an interesting mix of beliefs on the fairness of the blanket charge of €100 for the year 2012 for the household charge. 37% agreeing/strongly agreeing (14%, 23%) verifying it was a fair charge, while one fifth are undecided with neither nor (20%). 29% indicating that they disagree and 14% strongly disagreeing bringing those who felt it was not a fair charge to 43% (29%, 14%) which is greater that those agreeing by 6% indicating that overall it was perceived an unfair charge - does not factor in the market value of the property, the location, the desirability, the ability of the owner to pay or the state of repair.  

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61 Once it is deemed habitable by someone (Exclusions apply; exempt properties as outlined in the legislation Section 4 Local Government (Charges) Act 2009; categories of exemptions and waivers
III. Local property tax levels of awareness

![Pie chart showing informed level for the Local Property tax](image)

Figure 20. Informed level for the Local Property tax

80% in figure 20 indicated that they agree/strongly agree (19%, 61%) to being well informed on the local property tax with the minority indicating that they disagree/strongly disagree (12%, 2%) to the question posed. This shows an extremely positive view of Revenue administration of this tax and possibly a growing public awareness over time assisted by the elections of 2014 raising issues of public concern.
68% indicated that they agree/strongly agree (13%, 55%) to receiving adequate information on the local property tax, 30% higher than the similar question posed about the household charge. With 17% indicating that they disagree/strongly disagree (13%, 4%) to the question posed. This shows more that two thirds were in agreement with the level of information received which is reassuring for Revenue that their communication channels are functioning and are productive. In relation to the Household Charge administered by the local authorities 47% indicated they disagreed/strongly disagreed (38%, 9%) to the question posed. This shows a significant level of improvement in the way the communications channels have opened up to meet the nationwide targeted needs of society with a consistent approach by Revenue. Revenues policy was to communicate to every property owner and in creating a register of property owners there would be inherent anomalies and omissions that would be resolved over time. Lack of contact by Revenue to a property owner did not absolve them of their obligation in any way.
Results in figure 22 show 66% that they agree or strongly agree (13%, 53%) while 15% are neither agreeing or disagreeing, 19% indicating that they disagree or strongly disagree (17%, 2%). The 66% is 30% greater on the similar question about the Household Charge so this is another reaffirmation of Revenue correspondence and communication reaching its target audiences – part of their communication strategy included a comprehensive booklet 62 sent with their initial letter to every household on the register at time of issue (March 2013).

Results of figure 23 show a broad range of opinions, 43% either agreeing/strongly agreeing (15%, 28%) to seeking further information on the local property tax, while over one quarter are neither nor (28%). 29% indicating that they disagree/strongly disagree (20%, 9%) the same figure as for the household charge. The 43% seeking further information shows that perhaps the campaign run by the Revenue still left members of society confused about their situation. There was a limited number of exemption from local property tax as compared to Household Charge and this caused confusion at the time.
Results in figure 24 show a positive result for perceived fairness of property valuations being a banded rating system for 2013 with 50% either agreeing or strongly agreeing (12%, 38%) and those who felt it was not a fair system were one third of those surveyed. This can be compared to 43% (29%, 14%) for the Household Charge who felt it was not a fair system (Blanket charge). The perceived fairness has increased by 10% from one property tax to the other.
### IV. Perceptions of the uses of the Tax collected

<table>
<thead>
<tr>
<th>In your opinion what use is made out of this tax that is collected</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Do not know where it is spent - very little information available or published on this</td>
<td>8</td>
</tr>
<tr>
<td>2. It is used to fund local authorities in order to maintain local amenities and services.</td>
<td>8</td>
</tr>
<tr>
<td>3. As per number 2, this should be the case but unsure if it will be the case</td>
<td>5</td>
</tr>
<tr>
<td>4. It was stated that it would go back into the relevant areas from which it was collected, however it has been returned</td>
<td>2</td>
</tr>
<tr>
<td>5. Providing national services/ reducing debt</td>
<td>3</td>
</tr>
<tr>
<td>6. Reducing debt</td>
<td>5</td>
</tr>
<tr>
<td>7. Collected by exchequer for the government budget, not for local authorities but any money councils get will make up for</td>
<td>1</td>
</tr>
<tr>
<td>8. Funding the fine lives of our great politicians!</td>
<td>1</td>
</tr>
<tr>
<td>9. To pay for services in other locations. I don't see any benefit in my local area from it and local councillors/ politicians</td>
<td>3</td>
</tr>
<tr>
<td>10. Health and medical card scheme</td>
<td>1</td>
</tr>
<tr>
<td>11. Education and social welfare</td>
<td>1</td>
</tr>
<tr>
<td>12. Into the black hole called Anglo</td>
<td>1</td>
</tr>
<tr>
<td>13. Road's should be maintained in local areas and this is being ignored</td>
<td>1</td>
</tr>
<tr>
<td>14. Split between local services and general government coffers</td>
<td>1</td>
</tr>
<tr>
<td>15. Use by local Authority for services etc.</td>
<td>1</td>
</tr>
<tr>
<td>16. Very little information on where the funds collected are being used</td>
<td>1</td>
</tr>
<tr>
<td>17. To bail out the banks after they made a mess of the country</td>
<td>1</td>
</tr>
<tr>
<td>18. Not much - money is beign wasted by incompetent government</td>
<td>1</td>
</tr>
<tr>
<td>19. Local authority used for road improvements</td>
<td>1</td>
</tr>
<tr>
<td>20. Goes nationally and local government get none of it</td>
<td>1</td>
</tr>
<tr>
<td>21. Government holiday fund!!</td>
<td>1</td>
</tr>
<tr>
<td>22. Paying off the High level executives in the banks and their investors in the aftermath of the property market collapse</td>
<td>1</td>
</tr>
</tbody>
</table>

**Figure 25. Public’s perception of what use is made out of the Property tax**

The general consensus is that the initial purpose of the tax was communicated to be a local income generating resource, as the Thornhill Report outlined.
“Provision of a stable funding base for local government in the medium and longer terms”¹⁶³ a source of sustained income for the local authorities to utilise in the provision of services and upkeep of amenities in their local areas. After analysis of the answers given by the respondents there was a range of “uses” indicated by the participants: as can be seen, the more common answers are colour coded by popularity. The results display the scepticism of the participants that the funds raised will go to the publicised destination to the local authorities in the provision of services.

In your opinion are the taxes used for any of the following

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local authority funding</td>
<td>64.3</td>
<td>35.7</td>
</tr>
<tr>
<td>Health services</td>
<td>21.2</td>
<td>78.8</td>
</tr>
<tr>
<td>Education</td>
<td>21.9</td>
<td>78.1</td>
</tr>
<tr>
<td>Gardaí</td>
<td>18.8</td>
<td>81.3</td>
</tr>
<tr>
<td>Public transport</td>
<td>20.6</td>
<td>79.4</td>
</tr>
<tr>
<td>Roads/motorways</td>
<td>42.9</td>
<td>57.1</td>
</tr>
<tr>
<td>Social Welfare</td>
<td>25</td>
<td>75</td>
</tr>
<tr>
<td>Cannot say</td>
<td>57.9</td>
<td>42.1</td>
</tr>
<tr>
<td>Other</td>
<td>53.8</td>
<td>46.2</td>
</tr>
</tbody>
</table>

Figure 26. Publics opinion on which areas benefit and which don’t

Figure 26 64% indicate that the local authority does benefit from the funds collected yet almost 60% also indicate that they cannot say, this shows a variety of views indicating that Roads/motorways were regarded as benefitting and the Gardaí least likely to receive funding.

¹⁶³ Thornhill Report 2012
V. Influencing factors on behaviour

In determining what factors influence the property owners to pay the property tax a series of questions to probe this area were asked, the areas covered are fear, risk, exposure, social norms, tax application, fines/penalties, legal requirement, personal duty and morals.

![Pie chart showing the reasons for property tax payment](image)

*Figure 27. Pay tax due to fear of being caught for non-payment*

*Figure 27* shows a positive result for the perceived likelihood of being caught for tax evasion with 86% either agreeing/strongly agreeing (42%, 44%) and only 4% indicating that they disagree/strongly disagree (2%, 2%) - this is a significant recording, demonstrating the magnitude of fear as a deterrent.
Figure 28. Pay tax due to high risk of being caught for non-payment

Figure 28 is very similar to the previous one but it was felt that the research would benefit from the verification of the perceived likelihood of getting caught being high or not, results found that 80% either agree or strongly agree (31%, 49%). This is another significant recording where forty out of fifty respondents agreed, or strongly agreed that the risk is high in relation to getting caught for non-compliance of property taxes.

Figure 29. Pay tax to avoid publication as a Tax Defaulter
Figure 29 analysed the impact of the possible publication of a persons tax affairs and for some there is a certain stigma associated with this, results found that 64% either agree or strongly agree (27%, 37%) while 18% are neither nor, and a further 18% indicating an overall negative on this - meaning that it would not be a factor or bear any influence on a persons compliance actions.

![Pie Chart: Property owners pay the tax as everyone else is paying it](image)

**Figure 30. Paying the tax as it is a believed social norm**

Social norms are investigated in figure 30 with public perception being measured to verify a bearing on compliance, statistics show that 51% either agree or strongly agree (16%, 35%) while 23% are undecided and 26% indicating a negative on this, the latter are referring that the actions or compliance of others would not be a factor in determining their compliance participation.
The strong sentiments are depicted in figure 31, these results stand out significantly from all of the other graphs analysing the questionnaire results, minimal agreement and 29% indicating a neither nor stance, overall 67% either disagree or strongly disagree, (47%, 20%) ~ over two-thirds of the participants believing that funds collected are not put to good use. Their perception of how spending is conducted and lack of transparency on the spending by whomever is administering the funds does not incentivise property owners to pay the tax.
A good overall positive result for figure 32 with a significant 84% (38%, 46%) agreeing/strongly agreeing. The perception amongst forty two of the fifty respondents that there is a genuine high risk of fines and penalties being applied for late payment/non payment. Revenue does have the authority to mandatory implement deductions at source from PAYE employees and pensions, it also has the power to implement surcharges on Income Tax, Corporation Tax and Capital Gains Tax registrations who are not compliant with their property tax obligations and in some instances these registrations are under one “taxpayer” who receive multiple surcharges. The surcharges can equate to significant amounts up to a maximum of €63,485 in addition to the LPT liability and any interest/penalty due. The surcharge maximum can also be applied to more than one tax as mentioned above rising to €126,970. Only five participants disagreed that it is a motivating factor.

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64 PAYE – Pay As You Earn
65 Interest on late payment of LPT at 0.0219% per day from due date
66 10% automatic surcharge applied to any and all of the above mentioned taxes per registration
67 The Local Property Tax unit usually recommends capping the surcharges to the amount of Local Property Tax due in each individual case.
Figure 33. Pay tax as perceived personal duty

A sense of duty, a societal onus on the property owners to conform and contribute, figure 33 shows a divided result with 48% agreeing/strongly agreeing (8%, 40%) while a quarter are neutral, 27% indicating that they disagree/strongly disagree (21%, 6%) - this shows twice as many agree rather than disagree/neutral.

Figure 34. Pay tax as it is a legal requirement to pay it

Figure 34 shows a strong resounding positive result with 80% either agreeing/strongly agreeing (22%, 58%) - this demonstrated that forty out of the fifty participants believe that the legal requirement is a strong motivator and driver of compliance.
Figure 35. Pay tax to avoid charge being put on property

Figure 36. Pay tax as strong moral obligation to pay it

Figure 35 shows a less positive result than the previous figure but positive overall with 57% either agreeing or strongly agreeing (25%, 32%) while a substantial 28% are neutral. With almost 60% agreeing - it backs up theories that the charge is not an agreeable outcome that accrues interest until eventually satisfied. Figure 36 showing the largest percentage disagreeing at 33%, and 50% overall including the strongly disagreeing category (33% 17%), half disagreeing that a moral obligation could prompt compliance, and 31% either agreeing/strongly agreeing (10%, 21%).
VI. Participants perceptions of tax and of Revenue

Participants were asked to what extent they rated a series of questions around tax and Revenue in a general view; tax evasion, under-declaring, Revenues capability and abuse of exemptions, the results are contained in figures 37 to 48 inclusive.

Figure 37. Tax evasion is accepted in Irish society

A quarter of the participants are neutral on this topic, with 32% either agreeing/strongly agreeing (6%, 26%) while a substantial 38% disagree supported by 6% strongly disagreeing – 44% disagreeing outweights the balance and confirms that tax evasion is not acceptable in Irish society.
The overriding majority are in agreement in figure 38 with 92% overall agreeing (32%, 60%) while a small percentage of 6 being neutral. The publics perception on tax evasion registering as criminal conduct shows positively. Escaping payment of tax by illegal means makes it unlawful and can be a criminal offence carrying a custodial sentence.

Figure 39 depicts 65% in agreement with owners under-declaring their property valuations. One fifth are neutral and 14% disagree/strongly disagree (10%, 4%).
From the above it is not possible to differentiate if it is the participants view of a deliberate undervaluation or accidental.

![Revenue will be able to detect under declared values](image)

**Figure 40. Revenue detecting under declared property values**

*Figure 40* depicts Revenues ability to detect under-valued properties from the self-declaration system currently in place with the onus on the owner to declare the value every three years⁶⁸. 48% in agreement that Revenue can detect, one quarter neutral, and 28% disagree/strongly disagree (24%, 4%).

Revenue has the benefit of having an estimate on file for each property and can compare this to the actual valuation from the owner but will need to invest heavy resources to verify any discrepancies and this will be hindered with the passing of time and the interference of economic activity in the housing market and any factors that may subsequently increase/decrease the individual property's value since initial valuation date⁶⁹.

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⁶⁸ Commencing in 2013

⁶⁹ Valuation Date 01/05/2013
A snapshot of the public’s perception of Revenues capabilities and how is it progressing with the administration of the property taxes, it is a positive result with 64% agreeing/strongly agreeing. This shows Revenue in a positive light and the perception that Revenue has the skills to implement this tax project.

Figure 41. Revenue capable of administering the tax

Figure 42. Perception of society being honest in declaring taxes
Tax avoidance and evasion are the two biggest challenges to honest and timely reporting of tax liabilities. *Figure 42* is a highly positive result in the public’s perception of honest declarations being submitted. 67% agreeing/strongly agreeing (14%, 53%). This can affect the social norms and personal norms in that more people are likely to be more compliant if they perceive society in general to be compliant.

![Property owners will accept Revenues estimated valuation](image)

*Figure 43. Owners accepting Revenue estimated valuation*

Revenue generated an estimated valuation for each property for owners to use as a guide, to self-evaluate the market value of their properties. Results in *figure 43* show 37% agree/strongly (2%, 35%) with one third neutral and 30% disagree/strongly. Revenue states 42% of property owners self-assessed the same LPT valuation band as the Revenue Estimate and overall 76% self-assessed within one estimate band (Revenue 2014a).⁷⁰

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⁷⁰ 44% returned a lower valuation band than the Estimate: 27% reduced by 1 band, 10% by 2 bands and 7% by 3 or more bands. 14% returned a higher valuation band: 7% increased by 1 band, 3% by 2 bands and 4% by 3 or more bands.
Figure 44. Claiming entitled exemptions

Figure 44 indicates that 45% agree/strongly (8%, 37%) with the question with one fifth neutral and 33% disagree/strongly (31%, 2%) indicating that those eligible could be losing out.

Figure 45. Claiming unentitled exemptions

Figure 45 on claiming unentitled exemptions indicates that just under half, 42% agree that ineligible persons will apply for exemptions. 35% remain neutral and 23% disagree/strongly (21%, 2%) overall indicating that those not eligible are attempting to evade the liability.
Revenues approachability is shown in figure 46 indicating a significant 80% agree/strongly (13%, 67%) portraying Revenues’ openness and transparency where society can seek assistance from Revenue without negative consequences.

The online facility for those with internet access is a method of self service, a portal where owner can monitor property’s and comply with obligations. Figure 47 shows 80% agree/strongly (20%, 60%) indicating that those with the ability to access can independent check the current payment and payment history, file returns and set up future payment options.
As an aside, this is also very beneficial for absentee landlords who can conduct their property tax affairs with ease and twenty four hour access.

Revenues contactability shown in figure 48 indicates 45% agree/strongly (6%, 39%). 27% neutral and 30% disagree/strongly (22%, 6%) – overall portraying Revenues contactability positively. Perceptions are shaped by experiences so timing of any attempted contact of Revenue would have a significant bearing on the perceptions and experiences. At peak filing/paying times significant delays were encountered with phone contact and/or emails being processed due to the volumes associated with 1.9 million properties and collating a comprehensive register with inherent errors and omissions that are being rectified as information emerges.
VII. Indicators of future compliance

The next question set is to understand if those surveyed are better equipped to be compliant in the future; the results are contained in figures 49 to 53 inclusive.

![Figure 49. Better compliance as improved understanding of the taxes](image)

*Figure 49 shows 74% agree/strongly (16%, 58%) there is an improvement in the level of understanding of the tax which is a noteworthy response indicating that as time progressed, the tax has become embedded and society has become more accustomed and familiar with the tax - their knowledge and understanding of it has improved.*
Similar results in figure 50 to the previous one, 69% agree/strongly (12%, 57%) 25% neutral, with the passing of time and increased awareness the procedures are becoming more well known.

A very high result in figure 51 shows a progressive view, enlightened attitudes with increased understating of obligations with 73% agree/strongly (8%, 65%), assisted as society becomes accustomed to the tax, with 25% neutral and only 2% disagreeing.
Figure 52. Better compliance as trust in collection processes

Figure 53. Better compliance as trust in being fairly treated

Figure 52 shows 56% agree/strongly (10%, 46%) a high recording of 36% neutral with only 8% disagreeing – indicating that overall, trust is a factor behind compliance. Figure 53 depicts the results of the perception of being treated fairly by Revenue with a high 67% agree/strongly (10%, 57%) this is a positive and satisfies Revenues statement of strategy „where they want to be“ with taxpayers having the highest level of trust in Revenue. 23% neutral and 10% disagree that they would not be treated fairly by Revenue. Overall a positive result for the perception of being treated fairly.
VIII. Influencing factors on behaviour

The respondents were asked to consider a number of factors that could influence compliance behaviour and rate their opinion. The results are contained in figures 54 to 62 inclusive.

Figure 54 shows a weighted 46% saying that to avoid Revenue having to contact them held “a great deal of influence” over their compliance behaviour. This is the biggest positive result so far in this research revealing that this is a substantial factor behind motivating compliance, 30% follow suit with “somewhat of an influence”, 12% “little influence” and 12% “no influence” on compliance.

Taking the main positives that equates to 76% wishing to avoid Revenue contact.
**Figure 55. Better compliance to avoid late charges**

Figure 55 shows „a great deal of influence“ by 68%, overall 96% indicating a high level of influence by charges and penalties imposed for late payment and non-payment, which can be significant to motivate compliance. The results are all positive showing that this deterrence is a weighted factor in ensuring compliance.

**Figure 56. Better compliance to avoid a Revenue audit**

Figure 56 shows a significant 50% of participants indicated that the threat of an audit held „a great deal of influence“ on compliance. 14% followed on with „somewhat of an influence“, another very positive result showing that audit is eschewed and subsequently promoting better compliance.
Figure 57. Better compliance to avoid income deductions

Figure 57 yields higher positive results than the previous, with 62% of participants indicated that the threat of Revenue commencing deductions at source held „a great deal of influence” on compliance and 24% with „somewhat of an influence”, culminating in an immense 86% combined. This move to compulsory deductions exasperates a certain proportion of society, the decision of compliance has been removed from their power and others may strive to withhold knowledge of their compliance from their employer or pension provider, or just simply may not wish to pay.

Figure 58. Revenue accepts self-assessed valuations
Figure 58 shows only 10% select „a great deal of influence“ on compliance by revenue being accepting of their self-valuation declaration with 37% with „somewhat of an influence“, culminating in just under half.

![Belief that others are declaring and paying honestly](image)

*Figure 59. Better compliance as others are declaring honestly*

Figure 59 shows 10% selected „a great deal of influence“ on the perception of others peoples honest compliance with 27% opted „somewhat of an influence“, combined to 37% implying that this is a positive factor for just under 40% of the participants, with a similar number indicating „little influence“ and 20% indicating „no influence“ on compliance.
The theory of the property tax being avoidable is measured in figure 60 which shows 34% selected „a great deal of influence“ by the participants on compliance with 36% „somewhat of an influence“, combined to 70% implying that this is a considerable factor on behaviours and actions.

Figure 61 shows 6% selected „a great deal of influence“, and 27% with „somewhat of an influence“, combining to one third, the largest segment of 39% representing „no influence at all“ indicating that fairness of the tax is not contemplated by society and mostly bears no influence on their actions.
Figure 62. Better compliance facilitated by a host of payment options

The vast array of payment options addressed in figure 62 shows a significant 29% selected “a great deal of influence”, followed by an immense 45% with “somewhat of an influence”, combining to three quarters, indicating that Revenues mission to make it as easy as possible to pay was a reality to augment compliance.

IX. Background payment information

Results of background payment information surveyed are contained in figures 63 to 65 inclusive, the results are self-explanatory. The reason for inclusion of these questions is to expose who is truly behind the tax payments, on whose behalf is the tax being paid, are the Parents supporting cash strapped offspring, or are the adult children looking after the liabilities and tax obligation of their elderly parents or relatives.
Figure 63. A breakdown of who paid the tax on the owner's behalf

Figure 64. A breakdown on who's behalf the tax was paid
To verify the extent to which society assisted each other, the question was posed if the participant provided assistance or received assistance in relation to the property taxes and the reason why the assistance was sought. Citizens Information Services (CISs) in Ireland also assisted greatly and answered 22,244 queries (22% of their total queries dealt with) relating specifically to property taxes in 2013 (CIB 2013). The level of how well informed the participants are in relation to the obligations was recorded in this section see figures 66 to 68 inclusive.
Figure 66. In relation to property tax the participant provided assistance

Figure 67. In relation to property tax the participant received assistance
Figure 68. Informed level of your taxation and obligations

Figure 68 shows the level of informedness, just under 30% are „very well“, 47% „quite well“ which equates to 77% indicating a high level of being cognisant.

XI. Demographic snapshot

Some demographic questions were encompassed to enhance the study to identify quantifiable subsets within a given sample at a specific point in time. Questions of gender, age and employment status can be found in figures 68 to 70 inclusive.
Figure 68. Gender breakdown of the participants

Figure 69. Age profile of the participants
Results will be further analysed and discussed in Chapter 8.
Chapter 8 Analysis and Discussions
8.1 Introduction

The questionnaire results as set out in Chapter 7 will be analysed and compared to previous Revenue survey’s and the relevant literature as examined in Chapter 5 in an effort to draw some conclusions for the research questions.

8.2 Tax Compliance and Tax Design

Revenue’s Statement of Strategy 2011-2014 contains a vision of where it wants to be:

“We want the community, the Government and all our stakeholders to have the highest possible level of trust and confidence in the integrity, quality and efficiency of our operations and in our contribution to economic and social development” (Revenue 2011a).

Foremost on Revenues agenda is reducing debt and maximising revenue collection for the exchequer. Trust and confidence is gained in part by providing high customer service levels and making it easy to comply. This is crucial to ensuring timely collection and cost effectiveness for taxpayers and Revenue. To support these objectives, Revenue conducts a high quality service delivery and the application of appropriate sanctions where non-compliance is detected using the in-house risk profiling systems. To strengthen the customer services resources Revenue outsourced the local property tax 1890 helpline to “Abtran”, a customer management solutions company based in Co Cork. Abtran offered an information service on the property taxes and escalated queries to Revenue if they required any personal information or an intervention.
<table>
<thead>
<tr>
<th>Period</th>
<th>Abtran Calls Answered</th>
<th>Escalated to Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>March-Dec 2013</td>
<td>837,710</td>
<td>264,262</td>
</tr>
<tr>
<td>Jan-July 2014 * to date</td>
<td>460,779</td>
<td>143,506</td>
</tr>
</tbody>
</table>

To date Revenues property tax efforts have collected €244m in 2013 and €333m in 2014. In 2013 Revenue delivered €37.87Bn (Net) to the Exchequer, €38.1Bn (Gross) was collected via Revenue’s On-Line service;

“To achieve this we offer a wide and growing range of easy to use and efficient electronic services to meet the expectations of an increasingly e-literate public. The take-up and use of these services shows that our on-going investment in online channels is paying dividends”. (Revenue 2014a)

As technology has radically matured, the variety of channels encourages people towards the electronic options. For tax collection Revenue prefers the “at source” option whenever possible due to low compliance costs.

Ireland is recognised as the easiest country in the EU in which to pay business taxes in 2013 (and the preceding seven years) also the sixth easiest in the world (Revenue 2014a). Revenue hopes to extend this achievement to the property taxes.

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71 Collection for 2013 - LPT € 242m, Household Charge of € 2m, 2014 LPT € 310, Household Charge of €23m.

72 €118.38m/0.3% ahead of target.
Revenue implemented multiple payment methods to ensure the tax was easy to pay either via one single payment or phased payments via instalments during the period. Payment could be through the postal system, phone or online using debit or credit cards, at third party providers, deductions at source via wages or pensions, monthly direct debits, one single debit – Single Debit Authority (SDA), or credit offsets from other taxes, specific department of social protection payments and Department of Agriculture, Food and the Marine payments. This was a departure from the Household Charge with limited payment options and has ensured successful compliance.

Revenues biennial survey of SME\textsuperscript{73} customers showed that 86% of them were either „satisfied“ or „very satisfied“ with the services provided. This survey also reports that the main factors influencing compliance: civic responsibility, legal obligations and a sense of „doing the right thing“, (paying by consent) is reported as having a greater influence on compliance than Revenue sanctions. The Revenue survey on „Attitudes and Behaviour towards Tax and Compliance“, 2013, found, by the majority, the perception of tax evasion was unacceptable and it is everyone’s civic duty to pay their taxes which personally motivates compliance.

\textsuperscript{73} Survey of Small and Medium Sized Business Customers, latest report 2013.
8.2.1 Deterrence

The questionnaire results show in figure 27 compliance due to fear of getting caught was 86% agreeing/strongly agreeing, this is a significant element of how deterrence still motivates compliance. Equally high is the perceived high risk of getting caught in figure 28 overall agreed by 80%. 84% agreeing/strongly agreeing to comply due to high risk of fines and penalties figure 32. Previous surveys also indicate that having to pay interest charges is found to have the greatest degree of influence. Given its high degree of influence, the largest reported increase associated with concern of having to pay interest since 2008 is an important result. A trepidation of being audited has also increased significantly since 2008.

Figures 55 indicates that the exposure to interest and penalties encourages compliance with 96% agreed that it had a „great deal” or „somewhat” of influence over compliance. Revenue’s interest policy is chargeable at 4% per annum for all taxes. Penalties and surcharges can be much more severe. Figure 56 has 64% indicating that owners comply to avoid a revenue audit.
Figure 57 86% overall agree that owners comply to avoid Mandatory Deduction at Source (MDAS) from their wages, pensions or state payments. For non-compliant PAYE workers Revenue can implement MDAS.

In 2014\textsuperscript{74} it applied MDAS for 46,000 employees (Voluntary DAS 108,096)\textsuperscript{75} for local property tax, 61,000 for Household charge. In 2013 the MDAS figure was 40,000 employees (voluntary DAS 58,455) (Revenue 2014c). Revenue refused 9,591 tax clearance certificates where local property tax was outstanding. For the self-employed, 12,253 surcharges were applied on Income tax due to non-compliant with the tax. Active compliance with over 252,000 letters issued seeking payment or enforcement options will be instigated (Revenue 2014c).

According to Kirchler and the „Slippery slope” (figure 4) the „Power” of the authority has an optimum and Revenue’s statement of strategy states;

\begin{quote}
“We apply the law in a fair, consistent and sensible manner. We treat people in an even-handed way, presuming their honesty and giving them respect and courtesy. We use risk analysis and intelligence to target and confront suspected non-compliance and to minimise intrusion on compliant taxpayers.” (Revenue 2011a).
\end{quote}

\textsuperscript{74} Figure to date, this is affected by compliance runs and represents Q1 and Q2 2014

\textsuperscript{75} DAS – Deduction At Source
Essentially while deterrence is *one* of the tools used by Revenue to encourage compliance – it is not the *sole* motivator to encourage compliance as experienced by the taxpayer.

### 8.2.2 Norms (both personal and social)

Wenzel (2005) confirms the growing theory that taxpayers comply as its perceived the “right thing to do” overriding the threat of revenue sanctions. Indeed this is confirmed by the results of the SME 2013 survey results and indicate overall civic responsibility as being increased. The questionnaire results show in *figure* 30 51% overall agreed to paying due to social acceptability. 47% of non-property owners indicated that they would pay the tax in the future when applicable (*figure* 14). With good communication strategies combined with high levels of customer services this will reiterate Revenues’ capabilities and will ensure Revenues’ openness and approachability thus ensuring a positive interaction. *Figure* 42 indicated that 67% overall agree that society declares its tax honestly. *Figure* 52 shows that 56% overall agree that they have trust in revenues collection processes.

### 8.2.3. Fairness and trust (in the tax administration)

Revenue’s Statement of Strategy 2011-2014 states;

“We continuously innovate to simplify processes and improve effectiveness.

*We build partnerships and consultation mechanisms to work towards common goals*”. (Revenue 2011a).
Revenue is accountable and ensures their processes are fair and transparent, this is acknowledged even in international terms with recognition of how easy it is to do businesses here. Revenues mission statement encompasses “fairly and efficiently collecting taxes” applying this framework to local property tax to ensure successful delivery.

“During the Local Property Tax campaign it was suggested that we achieved compliance by fear. I would say that these rates of compliance cannot be achieved by coercive power but only by legitimate power, exercised judiciously, and that legitimacy comes from public confidence, not just from the law. In a virtuous circle, a high rate of voluntary compliance demands determined action against the non-compliant which in turn supports voluntary compliance,” Feehily (2013).

The concept of "felt fairness" is the perception of fairness, in figure 53, 67% overall agree to trust revenue to treat them fairly. If the system fails to meet this requirement it will create further complexities for Revenue and contrast the “Equity Principle” that guided the design.

Public confidence is a capricious and fragile assessment and needs to be cultivated. Revenues commitment to target non-compliers is done for the benefit of the compliant to ensure a fair application and burden of the taxes.
8.2.4. Complexity of the tax system

Revenue implemented the recommendations of the „Thornhill Report”\textsuperscript{76} (table 7), in a nine month period Revenue drafted the necessary legislation, built a comprehensive property register and reinforced their customer service model to increase its capabilities to encompass 1.59 million property owners ~ 1.9 million properties to provide assistance to. Revenue incorporated a comprehensive information and consultation process as an integral part of Revenue’s administration of local property tax.

At the outset of the design process it met with representative bodies to explore the potential impact of relevant issues and to explore in advance issues of relevance to the tax design. It consulted on the Property Register and the administration of the tax with numerous Government departments and State agencies. The Citizens Information Service (CIS) were strongly tied in at the outset to ensure their staff could assist property owners with subsequent enquiries. With the assistance of media campaigns and participating in over 100 radio broadcasts Revenue communicated the nature and obligations of the tax to ensure compliance. The tax booklet issued with the property tax form was the result of extensive consultations and its approved contents passed by various groups, i.e. National Adult Literacy Agency, Citizens Information Service to ensure the application of the tax was communicated (Revenue 2014a).

\textsuperscript{76} Guided by the ESRI’s 2012 report and the Commission on Taxation report 2009,
By eliminating complexity, uncertainty and ambiguity, Revenue has provided the tools to be used by the self-serving property owner to promote and ensure compliance. By providing valuations and online valuation guide, coupled with the available data on the Property price register, guidance is available for the reassurance of the property owner. As stated in Alm (2011) by the tax authority reducing complexity this should lead to improved taxpayer behaviour.

More payment options were applied to the local property tax then were available for any tax or customs duty previously, figure 62, indicated 74% indicated the range of payments options had a „great and somewhat” influence over compliance.

8.2.5. Role of government and broader economic environment

Collections are to fund the exchequer to encourage economic growth. Revenue has a duty to reduce debt and collects over 94% of the State’s income. It has been stated that public confidence is fragile and that it has to be earned, worked at and maintained. If the State fails to deliver the expected services, or if there is strong evidence of widespread evasion then compliance declines. In implementing its Programme for Government and the IMF bailout/Troika conditions, budget cuts and cost savings must have a minimum impact on service delivery.

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77 Payment types - Single Debit Authority, Direct Debit, Debit Cards, Service Provider, Credit/Debit Cards, Cheque/Postal Orders, Third Party, Deduct at Source and Mandatory Deduct at Source
Item number 8 in the Thornhill report (table 7:58) is „A locally determined element” was included where local authorities had autonomy to vary the price per rate by +/-15% from 2015. Local authorities are actively seeking submissions on the issue from the public on their views. Dublin City Council, with the largest number of properties in its jurisdiction, (equating to €92m in property tax 2014 – a 15% adjustment equates to €14m +/-) are deciding on their actions currently for implementation in January 2015. Fingal county council has indicated it will be reducing the cost by 15% (D’Arcy, 2014) while other councils are weighing up their budgets, if they did reduce by 15% - they have to compensate the shortfall in other areas.

8.3 Revenues Developments

Revenue outsourced the 1890 property tax helpline to Abtran as mentioned earlier, dealing with the heavy call volumes in an informative role only and excluded them from access to Revenue systems to maintain the integrity, confidentially and data protection of its customer records. However, an incident arose in May 2013, Revenue learned of an attempted credit card fraud by an Abtran employee where information on 11 credit cards were improperly obtained by an unauthorised employee. No cardholder suffered any loss but An Garda Siochana and the Data Protection Commissioner were involved. Abtran’s call

78 Revenue Internal statistics
recording system could verify the number of affected cases and the public was reassured that no Abtran staff had any access to Revenue's IT systems. This incident may have made property owners wary of paying by certain methods and possibly caused concerned over their privacy and exposure to risk.

Revenue faced other risks and challenges;

- Going live with a register known to have unquantifiable problems
- No previous test of resource capacity to manage inflow of such a high volume of returns/correspondence and from a new customer base
- No historical data to forecast customer response rates and contact type
- Time constraints to build and test a new system to match public expectations and scrutiny

Local authorities collected the Household Charge but lacked stringent enforcement abilities. Since Revenue took over the collection of all outstanding Household charges on 01/07/13 – to-date collections reached €25 million in arrears making a further 205,000 properties now compliant (Revenue 2014c).

Compliance for Household Charge (via Local Authorities) casebase was 1.2 million properties at 70% compliance (840,000 compliant properties).

Reduce casebase due to wide ranging exemptions (i.e. Unfinished housing estates) but for Revenue its case base of 1.9 million due to more stringent exemption criteria (Feehily 2014b).
Revenue is aware that the perception of the property tax project is akin to „10% Seen, 90% Done” similar to an iceberg, where the visual impact of the progress is not reflective of all the background installations and frameworks being developed.

Quantifiable aspects: Revenue successfully got 1.59 million property owners to file a return achieving a compliance rate of close to 90% **within initial 6 months** of a self-assessed tax being announced in the budget. 90% Done: Built and tested a robust system to support a new case-base, established a unique Property Register/Database of 1.9 million currently. Issued notification to 2 million properties in 2013 (Q3-Q4) and similar for 2014. 1.1 million phone calls answered in 2013 and over 600,000 in 2014 (Q1-Q2).79

Revenues payment facilities initiatives have been a success from the public’s perspective with 8 payment options80, 3 external providers and an at-source option to suit individual preferences. Over 1 million system work items were processed and a popular online application was developed to enable owners self-manage their interactions. 76% used this online system in 2013 and 2014 promised to have an increase on this especially as it now incorporates a Household Charge element

79 Revenue 2014a - Abtran included
80 The direct debit payment method alone increased by 135,000 customers per month
which has been very much in demand to date. *Figure 47* showed 80% agreed/strongly that the online facility was a useful monitoring tool for property tax purposes. (Revenues website was visited 31 million times in 2013)\(^8\)

Revenue maximised the media channels and answered numerous parliamentary questions and dealt with official enquiries. Revenues public interactions extended to 38 outreach events in 2013, hosting public stands at venues such as the National Ploughing Championships, the Taking Care of Business One Stop Shop, to trade shows such as the Ideal Homes Exhibition with over 10,000 callers to the Revenue stand and the National ploughing championships (2013).

Revenue enhanced its human resources with a recruitment of temporary clerical officers which it recruited for service provision in a robust call centre and inward processing. The additional one hundred staff underwent extensive training as did existing staff that also were redeployed to that area. Revenue are subject to the Employment Control Framework which commenced in 2010 and limits the overall headcount leading to internal redeployment of staff when necessary. This flexible mix of resources was vital in their service delivery of the project. The overall staffing levels in Revenue have reduced by 12% since 2008 under the government’s public expenditure reform (DEPR 2014).

\(^8\) Revenue 2014a
Targeted compliance has yielded high results for Household Charge while the register is being constantly updated. Remaining 17,000 mismatched properties are currently being processed (Feehily 2014b).

The use of deduction at source from salaries, pensions and state payment is significant in driving compliance operating a „dual role”

- as a voluntary option for those who wish to comply
- as a compliance option that Revenue can quickly activate against non-compliers.

Mandatory deduction at source as mentioned earlier is significant in ensuring compliance and is a low cost method for both parties.

The property tax is incorporated into every taxpayer’s record and fully integrated into Revenue’s IT systems. The is essential for the purposes of refunds, tax clearance and surcharges.

Revenues scope and power has left little options for those seeking to avoid or evade compliance. The 5% non-compliant will no doubt incorporate properties with no liability or where the exemption is not yet claimed, a typical example is Unsold housing stock.

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82 Revenues Property register was cross examined with the Local Government Management Agency’s database of Household Charge properties.
As the property tax project created a significant administrative challenge for Revenue the Department of Public Expenditure and Reform made a provision of €25.9 million in 2013 for its implementation. (DEPR 2014).

The Commissioners have confirmed that the total cost incurred in setting up the project to the end of August 2013 was €21.099 million”.(Local Property Tax Parliamentary Questions Week Ending 22 September 2013) (See Appendix 17 for Costings Breakdown).

Projects will incur heavy investment at the initiation stages with system developments and engaging additional resources i.e. staffing and outsourcing like Abtran who’s informative role could be diminishing over time and the tax settles and becomes established.
Chapter 9 Conclusion and recommendations
9.1 Introduction

Foremost on Revenues agenda is reducing debt and maximising revenue collection combined with high level customer service. Utilising data, technology and analytics, Revenues approaches are “increasingly sophisticated, risk driven and calibrated to achieve the maximum result in the most cost-effective manner” (Revenue 2014a). It has merged a highly skilled staff resource and a fine-tuned expansive collection mechanism to achieve 95% compliance, compare this to the blended rate of 85% of timely compliance across all taxes (Public Accounts 2014). The research shows that a combination of communication, engagement, trust, technology and human resources are all vital to the success of any tax project. Legitimate power rather than coercive power ensured compliance, administered by a sound tax administration entrusted with the public’s confidence.

9.2 Research Objectives Achieved

9.2.1 Commissioned reports explored

The commissioned reports and ensuing tax policy were explored on this topic where the terms of references were examined (Appendix 9 and 10) and the guiding principles of tax design deriving from these reports formed the framework of the present property tax system in place presently.
**General principles** – *Equity, Flexibility, Tax neutrality, Simplicity.*

**Operational principles** – *Evidence-based approach, Pragmatism, Interaction between principles.*

By considering the framework of the current system the equity can be seen, the ability of a person to pay, which was lacking in some previous attempts at property tax, this maintains an equitable incidence of taxation.

The International pressure to implement the property taxes limited the timeframe but principles in place ensured a comprehensively well designed project. Revenues capabilities and advanced technology provided a scalable base from which to develop the necessary applications.

### 9.2.2 Identify the broad factors that determine compliance

The three components of compliance: Filing, Reporting and Payments (Singh, 2003) are present in the local property tax; property owners submitting a declaration of their property’s market value, Revenue can use their estimate and other data to ensuing correct valuation and investigate under-declarations, the full liability is satisfied in a timely manner.
Timely collection of tax is affected by: Deterrence, Norms, Fairness and trust, Complexity of the system and the role of government.

The tax designing process must address each of these to ensure a positive impact. Deterrence – the tax can and is being collected by Sheriff enforcement for non-compliers.

Norms – by publicising statistics of high compliance it instils the belief that society is compliant and motivates non-compliers to conform.

Fairness and trust in the system and the administration of the system to ensure an even spread of the responsibility and obligations.

Complexity of the system – ensuring all elements of society have been considered and have options irrespective of their social circumstances.

The role of government which descends to the Local Authorities in this regards is to actively and effective administer their budgets to ensure good utilisation of the tax for the provision and enhancement of local services.
9.2.3 Identify the reasons for the high compliance rates

The success factors of the local property tax can be identified on different levels; The property Tax system itself, Revenues capabilities and standing in society, how Revenue has implemented the tax, how society feels about the tax, Revenues administration of it and the Government in general.

The established and reviewed principles\textsuperscript{83} in the reform of tax design have been implemented for the property tax and have lead to the high compliance rates.

A key ingredient is \textit{Fairness} of the tax system, the fairness transcends every level, the design, the application and the public’s perception must all be fair. Revenues openness and transparency is critical in this regard combined with communicating the information publically to create and informed society.

Making it as easy as possible to get participation and engagement is crucial as well as involving the Citizens Information service to provide additional support where needed. Kirchlers “Slippery Slope” (figure 4) outlines the balance between trust and power, and the engagement from society relies heavily on Revenues conduct and integrity.

\textsuperscript{83} Principles including: Equity, Flexibility, Tax Neutrality (non-biased) and Simplicity, (Commission on Taxation 2009)
The government must maintain public confidence as without trust, compliance will diminish. High targeting of non-compliers drives compliance and Revenues most common tool of enforcement is Sheriff enforcement which is also being used for targeted non-compliance of the property tax as the tax is fully integrated into Revenues IT systems.

9.2.4 Generate theoretical suggestions for future use

The scale of the logistical preparations for this tax was significant which amounts to the largest extension of the self-assessment systems in Revenues history. The technology platforms have been developed and expanded to merge the tax into the owners profile and also a self-service portal online. The online service is accessible twenty-four hours a day and maintains the owner’s records for them. This was a development from what was in place online i.e. ROS84 and PAYE Anytime85. This is a scalable model that can incorporate the scope of further tax projects. The property register has been created and this will prove invaluable going forward. It is an asset which is constantly being verified and amended to incorporate changes in ownership and property developments going forward.

84 ROS Revenue online Service – where taxpayers or their agent can conduct their eFiling and ePaying for their business taxes.
85 PAYE Anytime is a service for employees to securely and cost effectively manage their taxes online.
This register will become the foundation stone of any further projects stemming from the success of the property tax.

Intelligence results from the collection, collation, evaluation, analysis, integration, and interpretation of collected information (FAS 2014). The collected information is the property register and various intelligence can be extracted and examined in comparison with the owner’s tax returns to see if there is evidence of mismatches - lifestyle, bank accounts, cash – investigating the source of the purchase funds. Based on specific data analysis and cross-referencing many tax projects may transpire from the property tax data. This lifestyle match could possibly be used as a means test device for the Child Benefit (previously known as Children's Allowance), a monthly payment paid by the Department of Social Protection to the parents/guardians of children under 16 years of age\textsuperscript{86}. Revenue has close cooperation with this Department and could commence means testing supported by relevant information it has on hand to make the assessments.

The broadcasting charge could be an additional project for revenue which would combine the property addresses on file with the occupier information if owner occupied or if not, Revenue also have access to the Private Residential Tenancies Board (PRTB) which could be used to verify registered tenants.

\textsuperscript{86} Child benefit also paid to under 18 year olds if in full-time education, or Youthreach programme or has a disability.
As the water charges are under the remit of Irish Water there is no involvement with Revenue in this regard at present.

The Non-Principle Private Residence (NPPR) charge of €200 implemented from 2009 -2013 has now been phased out by the local authorities but a significant amount of this charge remains outstanding. Similar to the Household Charge that Revenue took over from the Local Government Management Agency (LGMA) it could be a possibility for Revenues to collect this from non-compliant owners as the charge is a significant € 7,230 per property.\footnote{87 Liability as at 01/09/2014 for non-compliers}

For persons with large tax debts in other member states, perhaps the mutual assistance unit in Ireland, now equipped with property tax data could assist with judgement mortgages/forced sales being applied to properties within the state by the other EU tax administrations to secure their debt.

The census due to be conducted in 2016 could be support by the property tax identifier and addresses which could identify and record the participants for the Central Statistics Office allowing them to conduct longitudinal studies over a series of censuses on the data per household.
The government of the day can and will change tax policy as needs and resources are tested and attempts to strengthen public finances continue. Whatever the political demands Revenue will have the flexibility and availability of the vital resources necessary to ensure unparalleled performance.

### 9.3 Research Hypothesis Testing

The success factors of the local property tax compliance rates administered by the Revenue Commissioners can be used for the benefit of implementing future taxes. The principles incorporated in the tax design can and will be replicated in future tax projects to ensure a similar successful result. Perception, inclusion and consultation weigh heavily on the success of any tax project and once these factors are processed with due diligence they are an essential basis for a successful project outcome.

### 9.4 Research Recommendations

The critical success factors of the local property tax are still being quantified as it is a newly initiated policy. As time progresses and the property market adapts to the economic environment it would be interesting to study the effect of any of the local authorities reducing or increasing the rate (+/-15%) and how that affects its service provisions and resources, this may be an area of further research.
Further analysis of how Ireland’s administration of the tax versus European best practice and if other tax administrations use the Irish local property tax model as current best practice. Further research may also look into the application of the exemptions and the deferrals and if successful collection occurs in these letter cases.

9.5 Limitations of the Research

Although relevant findings were achieved, it was felt that a broader demographic spread would have added more to the findings especially with the ‘age profile of participants’ and the ‘current occupation’. An increased sample size would have allowed for an element of expansion of the generalisations perhaps and been more applicable to the population in general.

9.6 The Future Policies for Tax Implementation

As mentioned previously, a failure of the system to be visibly fair will create further complexities for Revenue and contravene the ‘Equity Principle’ that guided the design. Public confidence is a capricious and fragile assessment and needs to be cultivated. Revenues commitment to target non-compliers is done for the benefit of the compliant to ensure a fair application and burden of the taxes. By eliminating complexity, uncertainty and ambiguity, Revenue has provided the tools to be used by the self-serving property owner to promote and ensure compliance.
By providing as much as assistance as possible and with competent planning, it has implemented the OECD policy that property taxes, in particular recurrent taxes on immovable property, are the most growth-friendly taxes. Commission on Taxation 2009 recommended that the Revenue Commissioners administer the tax due to their robust audit function, appeal system, strong enforcement and user friendly system with multiple payment options, these skills necessary to specifically target non-compliance and ensure project delivery.
Chapter 10 Reflections on Learning
10.1 Introduction

This chapter discusses the researchers approach to learning through this dissertation with a reflection on their personal learning and their planned approach to the extension of this learning beyond the requirements of the academic remit. Since the mid-1970s there has been an awareness of „the learning Style” (Griffiths 2012). How people prefer to learn is their „learning style preference”, (Dunn et al. 1989, 1981, Canfield 1988, Kolb 1984, as cited in Zapalska and Dabb 2002).

10.2 Learning Style

There is extensive literature analysing the facets of learning styles conceptually and empirically, attempting to define and describe all of the possible variances of how learners think and learn. In addition to determining the learning style of the researcher, other skills developed over the course of this research will be examined.

Sternberg (1994 as cited in Hatami 2013) reflects that a learning style is not in itself an ability but rather a preferred way of using one’s abilities. As students differ, they think and act differently from each other; they interpret reality through life-acquired filters, cultural backgrounds, personal norms, inherent behaviours
and attitudes which mould their style of learning. „Learning styles” was defined by Grasha (1990) as

> “the preferences students have for thinking, relating to others, and particular types of ...environments and experiences” (Zapalska and Dabb 2008)

The styles are derived from „how the learner habitually learns”; intuitive, reflective, impulsive, sequential or random, or perhaps not at an extreme opposite but along a learning continuum, which can be in an altering state depending on the circumstances.

> “although individuals may have some strong style preferences and tendencies, learning styles are not fixed modes of behaviour and based on different situations and tasks, styles can be extended and modified (Reid 1987; Oxford 2011, as cited in Hatami 2013)

In the mid 1970s Kolb and Fry created a cyclical four-stage learning process based around four learner types: concrete experience (learner has a new experience), observation and reflection (consider the information and analyse), the formation of abstract concepts (generate ideas, theories and models) and active experimentation (testing in new situations which leads back to another concrete experience). Kolb’s theory has been criticised for paying insufficient attention to various aspects and experiential learning styles has been affected by prevalent encroachment of categorisation principles.
Experiential learning occurs when you experience the process of learning and pass through the four elements in figure 71. Experiencing the process does not create experiential learning - the learning must derive from the ideas and thoughts that develop as a consequence of the experience. Kolb’s theory has its disadvantages and imperfections but it is a good basis for visualising the process and the components of experiential learning. This concept will be discussed more including a personal application in the next sub chapter.
10.3 Review of Learning

During my participation on the Masters in Business Administration, I can associate with the stages in figure 71 with experiencing the learning that occurs in researching for a dissertation, (the concrete experience), considering and analysing the body of literature and information (reflection/observation), the generation of ideas, models and theories (abstract conceptualisation), testing of the thoughts and ideas derived from the process (active experimentation). Once the cycle is complete, I can determine what was useful by reflection and observation and use this knowledge to commence another cycle of learning albeit improved from previous experience.

The reflection on learning is the critical element and perhaps not an area I have the luxury of participating 100% on at this time as I have not yet completed the task at hand and overall reflection will only be fully possible after submission. In saying that, stage reflections are regular and have been beneficial in the planning and scheduling the elements within this task with regular reflections on methods and development of ideas.

Under Kolb’s learning cycle individuals learn by „grasping” and „transforming” experiences. Grasping by feeling/doing (concrete experience) and by thinking / theorising (abstract conceptualisation). Experience is transformed by watching / reflecting - observation/reflection, by doing/applying - active experimentation.
Under Kolb, individuals fall into four categories:

<table>
<thead>
<tr>
<th>Categories</th>
<th>Grasp/Transform</th>
<th>Characteristic question type</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Diverger</td>
<td>grasp by feeling/doing and transform by watching/reflecting</td>
<td>&quot;Why?&quot;</td>
</tr>
<tr>
<td>II. Accommodator</td>
<td>grasp by feeling/doing but transform by doing/applying</td>
<td>&quot;What if?&quot;</td>
</tr>
<tr>
<td>III. Assimilator</td>
<td>grasp by thinking/theorising and transform by watching/reflecting</td>
<td>“What”?</td>
</tr>
<tr>
<td>IV. Converger</td>
<td>grasp by thinking/theorising and transform by doing/applying.</td>
<td>&quot;How?&quot;</td>
</tr>
</tbody>
</table>

Table 11. Kolb’s four categories of learners (1982)

I believe I am more of a "converger" in Kolb’s learning cycle, in "grasping" by participating in active research, planning the study path and structure, sourcing of the information – internal and external, sourcing of resources, thinking about the theories and concepts, abstract conceptualising, followed by reflection on progress and direction, with "transforming" by doing/applying, active experimentation i.e. conducting the semi-structured interviews and questionnaire, analysing the data and applying the results to the literature to prove or disprove the hypothesis.

Honey & Mumford (1982) have diverged from Kolb’s learning cycle by devising four learning styles directly aligned to Kolb’s stages namely; Activist, Reflector, Theorist and Pragmatist.
These are elaborated in Appendix 9, and are preferred learning styles and are acquired and adaptable rather than inherently linked to an individual’s characteristics. By competing their „Learning Styles questionnaire“ you discover your style and by seek out opportunities to learn using your style this will enhance and maximise your learning experience.

In using Honey & Mumford’s guidelines to analyse the learning style of the researcher in this dissertation, the most appropriate is “Activist” - a person in the here and now, open-minded, not sceptical, enthusiastic, keep busy, thrive on challenges of new experiences.

In analysing my learn style – there are 2 aspects to consider:

1. In the main for the purposes of this piece of work I would determine that “Activist” is the most appropriate, but within this current experience I am drawing on work experiences from the daily operational activity in the Local property tax section of the Revenue Commissioners where I was a manager during its implementation phase and thereafter for a duration.

2. During this relevant “work” on a day-to-day basis, I was more akin to “Pragmatist” – developing policies for Revenue, trying out ideas and techniques to see if they work in practice, take opportunity to experiment with applications and systems, making practical decisions and solving problems, being creative, generate practical ideas and get things done, respond to problems and opportunities 'as a challenge' with the managing of fifty staff members, my mottos are “there is always room for improvement” and “there is always something to be learned”.
A good illustration of the balancing that a learner strives to execute can be seen in table 5, where the experience goes from „exploration” to „insight”, consciously and subconsciously and perhaps simultaneously encountering the aspects below.

Table 12. Learning Cycle by squareone-learning.com

10.3.1 Research Skills

The scale of the research required significant data collection and analysis and this was an area that benefitted with increased learning and up-skilling. The research was also approached in a professional manner and an organised categorising of information assisted greatly in the compiling of the literature review.
**Interviews**

In conducting the semi-structured interviews, time had been invested in the preparation of the research on the topic and on the list of set questions to ensure some consistency and inclusion among the interviews. The researcher had previous work experience in the Customs Investigations and Prosecutions Division, Dublin, which afforded some experience in conducting interviews and was beneficial for the purposes here.

It was advantageous to collect opinions through this method and the researcher improved their skill-set by actively participating.

**Surveys**

In conducting the questionnaire a significant amount of time had been invested in the research of other Revenue surveys and focusing on the analysis of their results to give guidance on building upon the information bank and adding to it for the benefit of Revenue with the implementation of, not only the property tax, but also the possible future use of the information to enhance the implementation of any further projects.

**Results Analysis**

The results from the interviews formed the basis of the focus for the questionnaire. The questionnaire was designed online through wwwsurveygizmo.com and was a very efficient process. After the questionnaire was competed the results were input online and the data analysis commenced.
using the online software available on “survey gizmo” and also using Microsoft Office 2010 Excel. The graphs were produced to ensure the format was legible easily understood and consistent. By using reflection and observation this ensured the results were considered, appropriate and valuable.

Task Structure

During this course the researcher was employed full time by the Revenue Commissioners and this assisted in the learning process and the application of the learning process through experiences and the availability of internal information to analyse. Task structure and time prioritisation was essential and as time progressed the time-line had to be adjusted to be more realistic as obstacles and delays approached. Having conducted projects prior, mostly group projects, there was a certain element of isolation in conducting a solitary piece of work for the most part. Having worked with a significant number of group projects there is a benefit in openly discussing ideas and brainstorming in a collective setting which was lacking in this instance. Skills were developed in trusting my intuition and my belief that my structure, assisted by mind maps and a detailed flip-chart to guide my activity management was going to ensure the deadline was achieved.

10.4 Future Applications of Learning

The learning process has assisted the researcher in the revelation of learning, having never considered the how’s and the why’s of learning and knowledge
before, this was a new departure for the researcher who never thought about the way they thought.

The knowledge and skills learned will play an important role going forward in their working career and in their personal and social settings.

More structure and awareness can be applied to the cycle of learning and be more aware of how others learn which can be associated with, when sharing knowledge with them.

**Speed of learning**

During this dissertation I have added to my knowledge on the subject matter and on how learning is conducted. I believe this will assist me in quicker learning in the future, being able to locate and decipher the most relevant data to the task at hand, a type of condensed learning with a micro focus – getting to the real elements that I need to build on and work with. Being able to decide on the relevance of information and disregard swiftly if appropriate. I will be much more aware of new situations, observation and critical reflection, exploring new learning and then challenging my understanding.
Appendices
## Appendix 1: Table of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ACAT</td>
<td>Arrears Case Analysis Tool</td>
</tr>
<tr>
<td>AG</td>
<td>Accountant General</td>
</tr>
<tr>
<td>AITI</td>
<td>Associate, Institute of Taxation in Ireland</td>
</tr>
<tr>
<td>C&amp;E</td>
<td>Customs &amp; Excise</td>
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<td>CAT</td>
<td>Capital Acquisitions Tax</td>
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<tr>
<td>CG's</td>
<td>Collector General’s</td>
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<td>CGT</td>
<td>Capital Gains Tax</td>
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<td>CI</td>
<td>Customs Input</td>
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<td>CRISP</td>
<td>Customs Risk Intervention Selection Programme</td>
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<td>CRO</td>
<td>Companies Registration Office</td>
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<td>Common Registration System</td>
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<td>CS/MIS</td>
<td>Central Services / Management Information System</td>
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<td>CSO</td>
<td>Central Statistics Office</td>
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<td>Corporation Tax</td>
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<td>DAS</td>
<td>Deduction at Source</td>
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<tr>
<td>ECB</td>
<td>European Central Bank</td>
</tr>
<tr>
<td>ESRI</td>
<td>The Economic and Social Research Institute</td>
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<td>EU</td>
<td>European Union</td>
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<td>Full Form</td>
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<td>-----------</td>
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<td>Household Charge</td>
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<tr>
<td>ILP</td>
<td>Interest on Late Payments</td>
</tr>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IT</td>
<td>Income tax</td>
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<td>LA</td>
<td>Local Authority</td>
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<td>Local Government Management Agency</td>
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<td>LPT</td>
<td>Local Property Tax</td>
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<tr>
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<td>Mandatory Deduction at Source</td>
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<td>NPPR</td>
<td>Non Principle Private Residence</td>
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<td>OECD</td>
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<td>Pay As You Earn</td>
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<tr>
<td>PRTB</td>
<td>The Private Residential Tenancies Board</td>
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<td>REAP</td>
<td>Risk Evaluation and Profiling</td>
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<td>RMU</td>
<td>Risk Management Unit</td>
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<td>ROS</td>
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<td>RPR</td>
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<td>Residential Property Tax</td>
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<td>Taxes Consolidation Act</td>
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<td>TRS</td>
<td>Tax Relief at Source</td>
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<td>TSG</td>
<td>Tax Strategy Group</td>
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</tbody>
</table>
Appendix 2: Euros to the Rescue, World Bank 2012/EC

Euros to the Rescue

Here’s how the bailout package for Cyprus compares to other troubled euro zone countries.

(Figures are in billions of euros except for per capita GDP)

- **CYPRUS**: €10
  - GDP: €17
  - Per Capita: €20,729

- **SPAIN**: €41
  - GDP: €1,033
  - Per Capita: €23,426

- **PORTUGAL**: €78
  - GDP: €162
  - Per Capita: €17,724

- **IRELAND**: €85
  - GDP: €205
  - Per Capita: €32,134

- **GREECE**: €380
  - GDP: €196
  - Per Capita: €19,342

**Sources**: World Bank 2012 estimates; photo from the European Commission.
Appendix 3: Eurozone Bailouts - BBC Eurostats 2013

EUROZONE BAILOUTS

GOVERNMENT DEBT
AS % OF GDP

EU-27

<table>
<thead>
<tr>
<th>Year</th>
<th>Greece 2010</th>
<th>Ireland 2010</th>
<th>Portugal 2011</th>
<th>Greece 2012</th>
<th>Spain 2012</th>
<th>Cyprus 2013</th>
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<tbody>
<tr>
<td>2007</td>
<td>€110 billion</td>
<td>€85 billion</td>
<td>€78 billion</td>
<td>€130 billion</td>
<td>€100 billion</td>
<td>€10 billion</td>
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<tr>
<td>2012</td>
<td>85.3%</td>
<td>117.6%</td>
<td>123.6%</td>
<td>156.9%</td>
<td>84.2%</td>
<td>36.3%</td>
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UNEMPLOYMENT

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<th>Country</th>
<th>2007</th>
<th>2012</th>
<th>2013</th>
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<td>EU-28</td>
<td>12.2</td>
<td>10.5</td>
<td>11.0</td>
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<tr>
<td>Portugal</td>
<td>12.5</td>
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<td>12.4</td>
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<tr>
<td>Ireland</td>
<td>14.7</td>
<td>14.5</td>
<td>12.3</td>
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<tr>
<td>Greece</td>
<td>20.3</td>
<td>26.3</td>
<td>25.7</td>
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<tr>
<td>Spain</td>
<td>25.0</td>
<td>25.3</td>
<td>28.1</td>
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PEOPLE AT RISK OF POVERTY OR SOCIAL EXCLUSION
AS % OF TOTAL POPULATION

<table>
<thead>
<tr>
<th>Year</th>
<th>EU-27</th>
<th>Portugal</th>
<th>Ireland</th>
<th>Greece</th>
<th>Spain</th>
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</thead>
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<tr>
<td>2007</td>
<td>24.4</td>
<td>25.0</td>
<td>23.1</td>
<td>28.3</td>
<td>23.1</td>
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<td>2011</td>
<td>24.2</td>
<td>24.4</td>
<td>29.4</td>
<td>31.0</td>
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Sources: BBC, Eurostat
September, 2013
Appendix 4: Dissertation Data Flow
Appendix 5: The Literature Review Process

(Sourced: Saunders, Lewis and Thornhill, 2009, P24)
Appendix 6: Mind Map for Local Property Tax
## Appendix 7: Timeline for dissertation

<table>
<thead>
<tr>
<th>Activity</th>
<th>Jan-14</th>
<th>Feb-14</th>
<th>Mar-14</th>
<th>Apr-14</th>
<th>May-14</th>
<th>Jun-14</th>
<th>Jul-14</th>
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</table>
Appendix 8: The Implementation Process of the Property Tax

Revenues Implementation of the Property Tax

Source: Revenue Commissioners Documentation 2013
Appendix 9: Terms of Reference - Interdepartmental Expert Group on Property Tax

The terms of reference for the expert Inter-Departmental Group are:

To consider the design of a property tax to be approved by Government to replace the Household Charge and that is equitable and is informed by previous work and international experience.

The property tax is to:

- Meet the immediate financial requirements of the EU/IMF programme;
- Provide a stable funding base for the local authority sector in the medium and longer terms incorporating an appropriate element of local authority responsibility subject to any national parameters;
- Ensure the maximum degree of fairness between and across both urban and rural areas
- Be collected centrally by the most cost efficient and effective means;
- Facilitate easy and/or phased payments by households;
- Be easily determined (e.g. on a self-assessment basis), and having regard to the information currently available (or to be made available through registrations for the household charge) on residential property and/or house ownership details;

The Group is also to consider the appropriate arrangements for:

- A robust audit function; and
- Strong enforcement and penalty provisions for non-compliance.
Appendix 10: Interdepartmental Group on Property Tax

Specification of work for the ESRI.

1. Undertake assessment and provide options for a residential property tax which would deliver a total yield of the following amounts:
   - (1) €400m
   - (2) €600m
   - (3) €1,000m

   [The foregoing options are requested for illustrative purposes to provide possible parameters for consideration and do not imply policy decisions as such.]

2. The tax should apply to all residential property owners rather than occupiers/tenants

3. In all cases the following properties should be excluded and regarded as exempt:
   - all properties in State ownership and/or that of a local authority, HSE, Voluntary and Cooperative Housing Body, discretionary trust or a charity (registered as such with the Revenue Commissioners)
   - properties subject to commercial rates and wholly used as a dwelling.

4. Subject to the exclusions set out above, in considering options to produce the possible yields at paragraph (1), the following should be considered
   (a) The impact of a full or marginal waiver in respect of:
      i. all property owners with gross incomes of less than the following thresholds - €10,000, €12,000 and €18,300(income to include social welfare income).
      ii. owners of principal private residences with gross incomes of less than the following thresholds - €10,000, €12,000 and €18,300 (income to include social welfare income).
   (b) The impact of a reducing waiver in respect of all properties located in unfinished housing estates (as set out in the Local Government (Household Charge) Regulations 2012)
   (c) the potential cost of deferment of payments for the above income thresholds until sale or transfer of the residential property.
5. In calculating the property tax, the following options should be assessed incorporating the aforementioned exclusions and waivers as individual alternatives:

   1) suggested rates as a percentage of market value.
   2) suggested rates based on floor area of the properties.
   3) suggested rates based on residential property type e.g. detached, semidetached, terraced, apartment.
   4) a suggested matrix of charges based on market value, floor area and property type.
   5) suggested rate as a percentage of site market value of the property only.
   6) the foregoing options (1 to 4) including a minimum charge of €100 applying to:
      (i) all except proposed exempt properties in paragraph 3
      (ii) those in unfinished housing estates in paragraph 4(b).

[The Group is interested in exploring different bases for assessment and liability which give the maximum possible amount of certainty to both owners and to the authorities in regard to the tax liabilities attaching to individual properties and which have low compliance and administrative costs and therefore, subject to further discussion with the ESRI as the work progresses, location may feature as a component element of the charging regime.]

6. Other issues

   (1) Explore the use of a limited number of bands (no more than used by Commission on Taxation) to substitute for exact values.
# Appendix 11: The Property Valuation Bands for Local Property Tax

<table>
<thead>
<tr>
<th>A</th>
<th>B Valuation Band Number</th>
<th>*Valuation Band Range (€)</th>
<th>C Mid-Point of Valuation Band (€)</th>
<th>D LPT Charge in 2013 (half year charge) (€)</th>
<th>E LPT Charge in 2014 (full year charge) (€)</th>
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<td>01</td>
<td>01</td>
<td>0 - 100,000</td>
<td>50,000</td>
<td>45</td>
<td>90</td>
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<td>02</td>
<td>02</td>
<td>100,001 - 150,000</td>
<td>125,000</td>
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<td>03</td>
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<td>05</td>
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<td>300,001 - 350,000</td>
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<td>600,001 - 650,000</td>
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<td>650,001 - 700,000</td>
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<td>725,000</td>
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<td>16</td>
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</table>

*Valuation should be rounded to nearest whole Euro.

Sourced: Revenue Commissioners website www.revenue.ie
### Appendix 12: Table of selected International Property Tax Systems

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<tr>
<th>Country</th>
<th>Type of Property Tax</th>
<th>Average Charge</th>
<th>Tax Base</th>
<th>Liable Person</th>
<th>Assessment</th>
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<td>Both land and buildings liable</td>
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<tr>
<td>UK (Scotland)</td>
<td>Council Tax</td>
<td>£984 (€1,205) (2011)¹</td>
<td>Market value (using value bandings)</td>
<td>Occupier</td>
<td>Assessor General’s Office</td>
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<tr>
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<td>Both land and buildings liable</td>
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<tr>
<td>UK (NI)</td>
<td>Domestic Rates</td>
<td>£789 (€964) (2011)¹²</td>
<td>Market value (capped at £400,000)</td>
<td>Occupier</td>
<td>Central Government (Valuation and Lands Agency)</td>
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<tr>
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<td>Both land and buildings liable</td>
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<tr>
<td>Denmark</td>
<td>Property Value Tax (Ejendomsvaerdiskat) applies to built property only and is collected centrally.</td>
<td>No figure available. Property Value Tax: 1% of taxable value up to a limit; 3% above limit. Land Tax varies between 1.6% &amp; 3.4% depending on location³</td>
<td>Market value</td>
<td>Owner</td>
<td>Central Government (every two years)</td>
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<td>France</td>
<td>Land and Building Tax (Taxe Fonciere)</td>
<td>€1,875 national average for both charges (2011)⁶</td>
<td>Cadastral rental value of the property (as set by administration)</td>
<td>Occupier</td>
<td>Centre des Impôts Fonciers (Service de Cadastre)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Type of Property Tax</td>
<td>Average Charge</td>
<td>Tax Base</td>
<td>Liable Person</td>
<td>Assessment</td>
</tr>
<tr>
<td>------------</td>
<td>--------------------------------------------------------------------------------------</td>
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<td>--------------------------------------------------------------------------</td>
<td>--------------------------------------</td>
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</tr>
<tr>
<td></td>
<td>Housing Tax for local services (Taxe d’Habitation)</td>
<td></td>
<td></td>
<td>Owner (Taxe Fonciere)</td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>Municipal Property Tax (Impuesto sobre Bienes Inmuebles - IBI)</td>
<td>Typically between €200 and €300 per annum</td>
<td>Cadastral value of property as set by municipality (50-70% of market value)</td>
<td>Owner liable for IBI but it may be charged to tenant if agreed in contract</td>
<td>Local government</td>
</tr>
<tr>
<td></td>
<td>Applies to land and buildings.</td>
<td>€200-€250 p/a</td>
<td></td>
<td>Owner liable for local rates</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Yearly local rates for services (basura y alcantarillado)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>Grundsteuer – Property Tax on land and buildings</td>
<td>Varies from €100-400 p/a (2010)</td>
<td>State-assessed market value</td>
<td>Owner liable but it may be charged to tenant if agreed in contract</td>
<td>State (last general valuation in 1964)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US (Varies by State – see below)</td>
<td>Generally States tax land and buildings (real property)</td>
<td>$1,917 per year for a median value home (2009) (€1,478)</td>
<td>Generally market value</td>
<td>Generally owner</td>
<td>Generally local assessment officials</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>Nearly 20 cities employ a split rate property tax, taxing land at a higher rate and built property at a lower rate</td>
<td>$2,223 per year for a median value home (2009) (€1,714)</td>
<td>Market value / site value</td>
<td>Owner</td>
<td>Local assessment officials</td>
</tr>
<tr>
<td>Country</td>
<td>Type of Property Tax</td>
<td>Average Charge</td>
<td>Tax Base</td>
<td>Liable Person</td>
<td>Assessment</td>
</tr>
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</tr>
<tr>
<td>Illinois</td>
<td>Real Property (land and buildings)</td>
<td>$3,507 per year for a median value home (2009) £2,704</td>
<td>Market value</td>
<td>Owner</td>
<td>Local assessment officials.</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>Real Property (land and buildings)</td>
<td>$3,511 per year for a median value home (2009) £2,707</td>
<td>Market value</td>
<td>Owner</td>
<td>Local assessment officials.</td>
</tr>
</tbody>
</table>

3. [Scottish Local Government Financial Statistics 2010-11](http://www.scotland.gov.uk, p.15)
Appendix 13 : Semi-structured Interview Question list

Executive Masters in Business Administration

Dissertation component: 25,000 words

Researcher: Sara Gooney

As part of my qualitative research method 1: Semi-structured Interview followed by method 2: questionnaire, it is envisaged to conduct a number of Semi-structured Interviews with Revenue personnel to added to my research analysis.

**The results will be anonymous and confidential**

Method 1 Semi-structured Interview

Question set:

Q1. Despite the „short” turnaround time for the implementation of LPT – was the planning process jeopardised by this?

Q2. Was there sufficient research and commissioned reports available to ensure proper guidance for government and subsequently Revenue with the „on the ground” implementation and operational activity for the project?

Q3. Did Revenue follow the International „best practice” guide or did it incorporate radical departure from this?
Q4. Your perception of the project on a holistic view, was it a successful project or did it contain specific elements that were successful and thereby - by default the project was successful?

Q5. What were the successes of it from your viewpoint or the associated inherent successes for Revenue that may not have been encountered if it were not for the implementation of property taxes?

Q6. The success is being measured by the high compliance rate, published at 94% for 2013 (as at April 2014) is this a fair indicator of the project or is it misleading?

Q7. In your view, is the LPT tax fair and being administered fairly?

Q8 What has achieved the high compliance rate?

Q9 Why are people paying the tax, in your view? What do you believe is their main driver to be compliant, i.e. Deterrence, fear, trust, social norms, public perception, moral obligation, civic duty, unavoidable, penalty, surcharges, published as defaulter etc.?

Q10 What are the future developments as you see it, for this suite of taxes or additions to it?

Q11 Has Revenues administration of the LPT increased or decreased Revenues credibility?

Q12 Lessons Learned: What in your view could/should have been considered more at the outset or what should have been implemented differently?

Q13 Where do you see this tax in 5 years” time and what future taxes can you envisage coming on-stream on the back of the suite of Irish property taxes?

Any other comments:

Thank you very much for your participation in this interview process.
Appendix 14 : Semi-structured Interview Recordings

Interviewee A

Question set:

Q1. Despite the „short” turnaround time for the implementation of LPT – was the planning process jeopardised by this?
Yes and No. There was no similar tax to piggy back on the experience of collecting it so a greater timeframe may not have been of benefit. The short timescale was as a result of a need to collect exchequer funds.

Q2. Was there sufficient research and commissioned reports available to ensure proper guidance for government and subsequently Revenue with the „on the ground” implementation and operational activity for the project?
I was not involved in this so I don”t know.

Q3. Did Revenue follow the International „best practice” guide or did it incorporate radical departure from this?
As at Q2.

Q4. Your perception of the project on a holistic view, was it a successful project or did it contain specific elements that were successful and thereby - by default the project was successful?
It is successful in that there is high compliance and the money is coming in. The problems arise in maintaining compliance.

Q5. What were the successes of it from your viewpoint or the associated inherent successes for Revenue that may not have been encountered if it were not for the implementation of property taxes?
The main success from Revenue”s point of view is that we were able to mobilise staff and accommodation resources to ensure that all aspects of LPT collection were in place. From systems design to on-the-ground collection, to the change management involved, it was all put in place quickly.

Q6. The success is being measured by the high compliance rate, published at 95% for 2013 (as at July 2014) is this a fair indicator of the project or is it misleading?
Tax collection is about compliance rates and money collected. LPT has achieved that. The challenge will be to maintain that compliance rate in the face of other charges coming on stream and the volatility of the LPT register and LPT rates.

Q7. In your view, is the LPT tax fair and being administered fairly?
Yes.

Q8. What has achieved the high compliance rate?
A mixture of payment being required to provide the exchequer funds to pay for services as well as a belief that non-compliance will be managed efficiently by a well-oiled Revenue collection machine.

Q9. Why are people paying the tax, in your view? What do you believe is their main driver to be compliant, i.e. Deterrence, fear, trust, social norms, public perception, moral obligation, civic duty, unavoidable, penalty, surcharges, published as defaulter etc.?
As at Q8.

Q10. What are the future developments as you see it, for this suite of taxes or additions to it?
Managing the amounts to be paid in the 8 areas identified will cause some difficulties, I imagine.

Q11. Has Revenues administration of the LPT increased or decreased Revenues credibility?
Increased. Our reputation as a can-do Department has been greatly enhanced.

Q12. Lessons Learned: What in your view could/should have been considered more at the outset or what should have been implemented differently?
I can’t think of any issues right now.

Q13. Where do you see this tax in 5 years’ time and what future taxes can you envisage coming on-stream on the back of the suite of Irish property taxes?
If LPT is still there after the next election, I see the continued success of its collection by Revenue. Our well-oiled collection system could be used for the collection of any charges.
Intervewee B

Question set:

Q1. Despite the „short“ turnaround time for the implementation of LPT – was the planning process jeopardised by this?
In my opinion it was not compromised. Whilst the lead in time was short, there was little or no risk to Revenue involved. All possible steps were taken to ensure that the process was as smoothly implemented as possible.

Q2. Was there sufficient research and commissioned reports available to ensure proper guidance for government and subsequently Revenue with the „on the ground“ implementation and operational activity for the project?
I would suggest that a more joined up approach between the various elements of Revenue may have assisted the process. However, in spite of this, the curious elements did come together to produce a successful outcome.

Q3. Did Revenue follow the International „best practice“ guide or did it incorporate radical departure from this? Similar to London Borough Council with the banded rates.

Q4. Your perception of the project on a holistic view, was it a successful project or did it contain specific elements that were successful and thereby - by default the project was successful?
As at 2, I think it could have been more efficient internally but the public perception is that it did come together and was delivered very successfully.

Q5. What were the successes of it from your viewpoint or the associated inherent successes for Revenue that may not have been encountered if it were not for the implementation of property taxes?
Revenue demonstrated that it has the ability, the knowhow and the staff resources available to it to implement a new tax to a very different audience in a very short period of time with a very successful outcome. The register that continues to improve and develop will be of inherent value going forward for this and other taxes.

Q6. The success is being measured by the high compliance rate, published at 95% for 2013 (as at July 2014) is this a fair indicator of the project or is it misleading?
Whilst it masks somewhat the difficulties in establishing a clean and clear register, it is true to suggest that the implementation was a success for the majority of cases. With the increasingly accurate register, this success will continue.
Q7. In your view, is the LPT tax fair and being administered fairly?
Yes.

Q8 What has achieved the high compliance rate?
The mass media coverage. The reasonably low rate of tax. The variety and ease of payment and registration process provided.

Q9 Why are people paying the tax, in your view? What do you believe is their main driver to be compliant, i.e. Deterrence, fear, trust, social norms, public perception, moral obligation, civic duty, unavoidable, penalty, surcharges, published as defaulter etc.? A combination of reasons. Most understand that the country is in economic turmoil and this is an unavoidable headache. Most individuals are compliant and wish to remain so despite the economic difficulties.

Q10 What are the future developments as you see it, for this suite of taxes or additions to it? Enhanced online facility and use of all available data to reduce the possibility of noncompliance are essential.

Q11 Has Revenues administration of the LPT increased or decreased Revenues credibility? Increased in most respects.

Q12 Lessons Learned: What in your view could/should have been considered more at the outset or what should have been implemented differently? I believe a more enhanced online facility from day one where taxpayers were encouraged or, indeed, obliged, to go online would have reduced the paperwork and therefore the need for correction and follow up afterwards. I also believe a dedicated, permanent staff resource is the only way to address a tax of this size.

Q13 Where do you see this tax in 5 years time and what future taxes can you envisage coming on-stream on the back of the suite of Irish property taxes? I believe this tax will be firmly embedded in Irish society in 5 years time. Revenue need to recognise that it is here to stay and plan for this by way of a permanent staff presence. Revenue has demonstrated the ability to implement successfully a new tax to a very new customer base. As collector generals, we are experts in collection methods. Therefore giving the time and material to collate an efficient database, Revenue has the capability to implement any type of tax.
Question set:

Q1. Despite the „short” turnaround time for the implementation of LPT – was the planning process jeopardised by this?
The timeframe was set out as part of the recovery programme as agreed with the Troika therefore the tax had to be planned and implemented within the allotted timescale.

Q2. Was there sufficient research and commissioned reports available to ensure proper guidance for government and subsequently Revenue with the „on the ground” implementation and operational activity for the project?
Yes – There were a number of background papers and inter-Departmental Committees and Revenue’s Planning Division had a presence on all groups and operational managers were members of some of the groups. All Divisions were represented on the LPT Project Board including operational areas.

Q3. Did Revenue follow the International „best practice” guide or did it incorporate radical departure from this?
Because Revenue has delivered so many large projects, it has evolved a very sophisticated management structure including a Project Office (role is to document and agree scope of projects with senior management, monitor and report on progress, costs etc.) and Project Board/Steering Group etc. A High Level Group of senior managers is also in place to oversee all other groups and to take high-level decisions.

Q4. Your perception of the project on a holistic view, was it a successful project or did it contain specific elements that were successful and thereby - by default the project was successful?
Property Tax had to be implemented as part of the recovery programme set out by the Troika and the Government of Ireland. In terms of achieving its purpose, the project was very successful.

Q5. What were the successes of it from your viewpoint or the associated inherent successes for Revenue that may not have been encountered if it were not for the implementation of property taxes?
A property register was established for the first time as a result of the project. The database is very beneficial to Revenue and to other Public Bodies.

Q6. The success is being measured by the high compliance rate, published at 95% for 2013 (as at July 2014) is this a fair indicator of the project or is it misleading?
As per Q4 above
Q7. In your view, is the LPT tax fair and being administered fairly?

Q8 What has achieved the high compliance rate?
Revenue’s reputation and experience as a tax collection agency and the various collection systems and methods at its disposal.

Q9 Why are people paying the tax, in your view? What do you believe is their main driver to be compliant, i.e. Deterrence, fear, trust, social norms, public perception, moral obligation, civic duty, unavoidable, penalty, surcharges, published as defaulter etc.?
As per Q8

Q10 What are the future developments as you see it, for this suite of taxes or additions to it? There are a number of new taxes and charges mooted i.e. water charges, broadcasting licence etc., however it is clear that water charges will be collected by Irish Water so there is no indication at this stage that any additional taxes will be collected in this manner.

Q11 Has Revenues administration of the LPT increased or decreased Revenues credibility?

Q12 Lessons Learned: What in your view could/should have been considered more at the outset or what should have been implemented differently?
In the timeframe available for implementation, there was no scope for a different approach.

Q13 Where do you see this tax in 5 years time and what future taxes can you envisage coming on-stream on the back of the suite of Irish property taxes?
Question set
Q1. Despite the „short” turnaround time for the implementation of LPT – was the planning process jeopardised by this?
The lead in time was extremely short in light of other projects Revenue have implemented, but I don”t think it jeopardised the planning process. Revenue has worked hard to ensure it has the technological and skills framework to be able to implement large scale projects like the LPT.

Q2. Was there sufficient research and commissioned reports available to ensure proper guidance for government and subsequently Revenue with the „on the ground” implementation and operational activity for the project?
Revenue's planning division would have focused on the processes and the LPT unit would have ensured that procedures were implemented to ensure the tax was administered to expectations and that any deviations would come from changes in the legislation or in light of any anomalies arising.

Q3. Did Revenue follow the International „best practice” guide or did it incorporate radical departure from this? Some countries make the occupier rather than the owner liable, the Irish system makes the owner liable and it is less transient and the better option.

Q4. Your perception of the project on a holistic view, was it a successful project or did it contain specific elements that were successful and thereby - by default the project was successful?
The government and revenue are encouraged by its successful delivery and application, there was elements that were easier than others to administer but overall it was successful.

Q5. What were the successes of it from your viewpoint or the associated inherent successes for Revenue that may not have been encountered if it were not for the implementation of property taxes?
Revenue combined an extensive property ownership registrar and this is a vital tool for any future developments.

Q6. The success is being measured by the high compliance rate, published at 95% for 2013 (as at July 2014) is this a fair indicator of the project or is it misleading?
The 95% is for returns compliance and the payments side of things are catching up with mandatory deduction at source and for 2014 the percentage will be accruing throughout the year due to phased payments from wages and direct debits.

Q7. In your view, is the LPT tax fair and being administered fairly?
I would agree with that as the reports that guided the implementation analysed all factors to make it as fair as possible.

Q8 What has achieved the high compliance rate?
The low charge and the ability to pay being considered and with the deferral option, phased payment plans and engagement with the property owners.

Q9 Why are people paying the tax, in your view? What do you believe is their main driver to be compliant, i.e. Deterrence, fear, trust, social norms, public perception, moral obligation, civic duty, unavoidable, penalty, surcharges, published as defaulter etc.?
Some people will comply due to a variety of the above, but the main indicators are the legal status of the tax and the penalties if non-compliant.

Q10 What are the future developments as you see it, for this suite of taxes or additions to it?
The main development is to get the payment compliance to a routinely high rate and the maintain that going forward.

Q11 Has Revenues administration of the LPT increased or decreased Revenues credibility?
Revenue was always seen as a credible organisation and completing this highly onerous task to such high levels has ensured and guaranteed Revenues reputation.

Q12 Lessons Learned: What in your view could/should have been considered more at the outset or what should have been implemented differently?
While the amount of payment options added to its success, it did create a resource intense administrative burden, less options could have ease the internal pressures on finite resources.

Q13 Where do you see this tax in 5 years time and what future taxes can you envisage coming on-stream on the back of the suite of Irish property taxes?
The tax will have well settled in at that stage and with a growing number of owners paying via their wages, I see this area increasing. The Revenue will implement whatever taxes the government decides upon, perhaps the Broadcasting charge who knows.
Appendix 15: Questionnaire Question-Set

Survey on Attitudes and Behaviour towards Irish Property Taxes

1. Where did you hear about the Irish Property Taxes?

<table>
<thead>
<tr>
<th></th>
<th>Household Charge</th>
<th>Local Property Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Television</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Internet/App</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Newspaper</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Friend or colleague</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Direct contact from the Local Authority</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Direct contact from the Revenue Commissioners</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Family member</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Cannot say</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Other</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

2. Are you the owner of a residential property within the state? *

☐ Yes
☐ No
3. What type of owner are you?
- Sole owner
- Joint owner
- Other
- Not applicable

4. If you currently don’t own a property, if you did own one in the future, would you pay any applicable tax on it?
- Yes
- No
- Cannot say
- Not applicable

5. In relation to the Household charge did you find that:

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>You were well informed about it</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>You got adequate information about it</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>You clearly understood this information</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>You sought further information yourself</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>The blanket charge of €100 for Year 2012 was fair</td>
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</tbody>
</table>
6. In relation to the Local Property Tax did you find that:

<table>
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<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>You were well informed about it</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>You got adequate information about it</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>You clearly understood this information</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>You sought further information yourself</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>The banded rates of the valuations were fair</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
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</table>

7. In your opinion what use is made out of this tax that is collected


8. In your opinion are the taxes used for any of the following

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local authority funding</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Health services</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Education</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Gardaí</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Public transport</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Roads/motorways</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Social Welfare</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Cannot say</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Other</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>
9. In your opinion, property owners pay this tax because

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>They are in fear of getting caught</td>
<td></td>
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</tr>
<tr>
<td>There is a high risk of getting caught</td>
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<tr>
<td>Don’t want their name published as a tax defaulter</td>
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</tr>
<tr>
<td>Everyone else is paying it</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The tax collected is put to good use</td>
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<td></td>
</tr>
<tr>
<td>Risk of fines and penalties are high</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is their duty to pay it</td>
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<tr>
<td>It is a legal requirement to pay it</td>
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<tr>
<td>They are avoiding a charge being put on the property</td>
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<tr>
<td>There is a strong moral obligation to pay</td>
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</tr>
<tr>
<td>Statements</td>
<td>Strongly agree</td>
<td>Agree</td>
<td>Neither agree nor disagree</td>
<td>Disagree</td>
<td>Strongly disagree</td>
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<td>---------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Tax evasion is accepted in Irish society</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax evasion is a crime</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property owners will under declare the property value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue will be able to detect under declared values</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is Revenue capable of administering this tax effectively</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are the majority of society honest in relation to declaring tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property owners will accept Revenues estimated valuation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People will always claim exemption's that they are entitled to</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People will claim exemption's that they are not entitled to</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue is approachable for clarification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues LPT online facility is useful in monitoring the tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue is easily contactable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
11. Going forward are you better equipped to comply due to

<table>
<thead>
<tr>
<th>Improved understanding of the property taxes</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved understanding of the system in place</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved understanding of your obligations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust in Revenue collection processes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust in being personally treated fairly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. To understand what motivates people to be compliant, please consider the following factors and rate how much each motivates you to pay your property taxes

<table>
<thead>
<tr>
<th>Factor</th>
<th>A great deal of influence</th>
<th>Somewhat of an influence</th>
<th>Little influence</th>
<th>No influence at all</th>
<th>Cannot say</th>
<th>Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>To avoid Revenue having to contact me</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To avoid interest, late penalties and additional charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To avoid being audited by Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To avoid Revenue make deductions from wages or pension etc</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue will accept my valuation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belief that others are declaring and paying honestly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The property tax is impossible to avoid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The tax is fair</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There are payment options to suit all elements of society</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
13. In relation to paying your property tax, by whom was it paid

- Myself
- Partner
- Parent or aunt/uncle
- Grandparent
- Sibling or other relative
- Son or daughter
- Other
- Not applicable

14. If you paid the tax on someone else's behalf, who were they

- Partner
- Parent or aunt/uncle
- Grandparent
- Sibling or other relative
- Son or daughter
- Friend or colleague
- Neighbour
- Other
- Not applicable
15. Were you reimbursed?
- Yes
- No
- Cannot say
- Not applicable

16. If you provided assistance or received assistance in relation to the property taxes, please indicate what form this was in

<table>
<thead>
<tr>
<th></th>
<th>I PROVIDED ASSISTANCE</th>
<th>I RECEIVED ASSISTANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little understanding of the tax</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Little understanding of the process</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Misplaced documentation</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Did not have the funds to pay</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Could not make contact with Revenue by phone</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Could not make contact with Revenue by email</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Could not make contact with the Local Authority</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Had difficulty understanding the obligations</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Did not have internet access</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Was ill / in care (Nursing home) / abroad at the time</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Property was changing hands at the time</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Property was in probate</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Not applicable</td>
<td>□</td>
<td>□</td>
</tr>
</tbody>
</table>
17. How well informed are you regarding your tax affairs and your obligations?
- Very well informed
- Quite well informed
- Neither nor
- Not well informed
- Not at all informed
- Don’t know

18. Finally, as we come to a close, I would like to thank you for taking the time to complete this survey. Please be assured that your responses to this survey will be completely anonymous and confidential. I have just 3 short questions remaining: Gender
- Male
- Female

19. Age
- 18-24
- 25-29
- 30-34
- 35-39
- 40-44
- 45-49
- 50-64
- 55-59
- 60-64
- 65+

20. Current occupation

<table>
<thead>
<tr>
<th>Employee</th>
<th>Full Time</th>
<th>Part Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working in the home</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self Employed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unable to work due to illness/disability</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Appendix 16: Honey and Mumford definition (Mobbs, 1982)

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activist</td>
<td>Activists involve themselves fully and without bias in new experiences. They enjoy the here and now, and are happy to be dominated by immediate experiences. They are open-minded, not sceptical, and this tends to make them enthusiastic about anything new. Their philosophy is: &quot;I'll try anything once&quot;. They tend to act first and consider the consequences afterwards. Their days are filled with activity. They tackle problems by brainstorming. As soon as the excitement from one activity has died down they are busy looking for the next. They tend to thrive on the challenge of new experiences but are bored with implementation and longer term consolidation. They are gregarious people constantly involving themselves with others but, in doing so, they seek to centre all activities around themselves.</td>
</tr>
<tr>
<td>Pragmatist</td>
<td>Pragmatists are keen on trying out ideas, theories and techniques to see if they work in practice. They positively search out new ideas and take the first opportunity to experiment with applications. They are the sort of people who return from courses brimming with new ideas that they want to try out in practice. They like to get on with things and act quickly and confidently on ideas that attract them. They are impatient with ruminating and open-ended discussions. They are essentially practical, down to earth people who like making practical decisions and solving problems. They respond to problems and opportunities 'as a challenge'. Their philosophy is &quot;There is always a better way&quot; and &quot;If it works it's good&quot;.</td>
</tr>
<tr>
<td>Reflector</td>
<td>Reflectors like to stand back to ponder experiences and observe them from many different perspectives. They collect data, both first hand and from others, and prefer to think about it thoroughly before coming to a conclusion. The thorough collection and analysis of data about experiences and events is what counts so they tend to postpone reaching definitive conclusions for as long as possible. Their philosophy is to be cautious. They are thoughtful people who like to consider all possible angles and implications before making a move. They prefer to take a back seat in meetings and discussions. They enjoy observing other people in action. They listen to others and get the drift of the discussion before making their own points. They tend to adopt a low profile and have a slightly distant, tolerant unruffled air about them. When they act it is part of a wide picture which includes the past as well as the present and others' observations as well as their own.</td>
</tr>
<tr>
<td>Theorist</td>
<td>Theorists adapt and integrate observations into complex but logically sound theories. They think problems through in a vertical, step-by-step logical way. They assimilate disparate facts into coherent theories. They tend to be perfectionists who won't rest easy until things are tidy and fit into a rational scheme. They like to analyse and synthesize. They are keen on basic assumptions, principles, theories models and systems thinking. Their philosophy prizes rationality and logic. &quot;If it's logical its good.&quot; Questions they frequently ask are: &quot;Does it make sense?&quot; &quot;How does this fit with that?&quot; &quot;What are the basic assumptions?&quot; They tend to be detached, analytical and dedicated to rational objectivity rather than anything subjective or ambiguous. Their approach to problems is consistently logical. This is their 'mental set' and they rigidly reject anything that doesn't fit with it. They prefer to maximise certainty and feel uncomfortable with subjective judgements, lateral thinking and anything flippant.</td>
</tr>
</tbody>
</table>
Appendix 17 : Local Property Tax Project Costings

Figures available up to August 2013.

Total costs incurred in setting up LPT operations to the end of August 2013

<table>
<thead>
<tr>
<th>Item</th>
<th>2012</th>
<th>2013 (End-Aud)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Salaries (Permanent and temporary staff)</td>
<td>€757,000</td>
<td>€7,737,000</td>
</tr>
<tr>
<td>External IT Systems Development</td>
<td>€1,552,000</td>
<td>€5,803,000</td>
</tr>
<tr>
<td>Postage</td>
<td></td>
<td>€1,150,000</td>
</tr>
<tr>
<td>Call Centre (Outsourcing)</td>
<td></td>
<td>€2,276,000</td>
</tr>
<tr>
<td>Advertising</td>
<td></td>
<td>€966,000</td>
</tr>
<tr>
<td>Accommodation / Fitings etc.</td>
<td></td>
<td>€492,000</td>
</tr>
<tr>
<td>Financial Transaction Charges</td>
<td></td>
<td>€399,000</td>
</tr>
<tr>
<td>Printing</td>
<td></td>
<td>€209,000</td>
</tr>
<tr>
<td>Valuation Fees</td>
<td></td>
<td>€66,000</td>
</tr>
<tr>
<td>Training Travel Costs</td>
<td></td>
<td>€35,000</td>
</tr>
<tr>
<td>Security</td>
<td></td>
<td>€27,000</td>
</tr>
<tr>
<td>Consultancy Fees</td>
<td>Nil</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>€2,309,000</td>
<td>€18,790,000</td>
</tr>
</tbody>
</table>
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Commission on Taxation Reports


**Legislation**


The Local Government (Charges) Act 2009