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Minister, Mr. Justice Hardiman, Chairman of the Revenue Commissioners, Distinguished Guests, Ladies and Gentlemen.

How often do we turn on our radios only to hear some commentator or politician demanding to know why tax cheats aren't locked up in jail; ...Aren't they all just white-collar criminals, stealing from society and robbing their neighbours?

OR...how often do we read in our newspapers about youngsters from disadvantaged backgrounds who get thrown into jail for some social welfare fraud and then on the next page read about a tax dodger who did the Revenue for one million and is still driving around in his jag;

OR...how often do we read tabloid headlines screaming about tax cheats avoiding jail..."*Revenue top dog slammed on no slammer for tax rogues*".

In recent years, calls by the media and members of the public for the incarceration of tax cheats have been building to a crescendo.

Tax has always been a sensitive issue for most people. We know we should pay it. We know it is for a greater good. We know it is our due. But let's face it, few of us actually like paying it and many believe that we already pay too much.

Indeed, for some it seems that the only thing worse than paying tax - is reading about others who avoid paying their fair share and understandably so. If I have to pay my tax; then you should have to pay yours too.

All of which is very fine and laudable: but I have a problem and my problem is that public anger at tax evasion goes much further than seeking mere equity. It frequently demands that the offender be locked up and it excoriates the Revenue for failing to meet some notional quota of convictions for tax offences.

I believe this is an attitude that ignores both history and reality. First: let's take a brief look at HISTORY. Revenue's appetite to go after tax-evaders changed in the mid-1990s and it's been playing "catch-up" ever since. After years of indifference it decided to get tough with tax cheats by adopting a policy of selective prosecution: - going after only a small number of carefully chosen cases.

Between 1996 and 2001, the Revenue prosecuted 18 cases for serious tax evasion: a figure that works out on average as one prosecution a year per million of population. It's also a ratio that corresponds with the UK experience. Every year the Inland Revenue prosecute about 60 cases – the equivalent of one prosecution a year per million of population.

BUT, regardless of how we compare with the rest of the world, it is obvious that only a tiny fraction of tax cheats are prosecuted either here or in the UK.

WHY? - That's where we come to REALITY: The typical profile of a tax offender these days is an old infirm person; a person who incurred historic tax arrears at a time when one in three taxpayers were engaged in tax evasion and the tax rates were as high as 80% ...(Imagine earning €50,000 per year and bringing home €10,000?).

These tax offenders are more than willing to pay any tax arrears plus interest @ 200% and a penalty as high again as the tax itself. They are unlikely to have a previous conviction. By the time the Revenue is finished with them they have no more tax to fiddle. The prospect of prosecution is anathema to them and it certainly deters them from being uncooperative with the Revenue.

The REALITY is that it makes good sense for the Revenue to go for financial settlements in the vast majority of cases. After all, its primary objective is to collect taxes and to ensure voluntary compliance with the tax code. It's a bird that flies on two wings.

And like all birds, it must keep a balance to remain airborne. If Revenue suddenly increased the number of prosecutions for serious tax evasion, it would have to divert significant resources from its tax collection wing. The secret obviously, is keeping both wings functioning at a pace complementary to each other.

But it's a tricky old conundrum: finding the balance between pursuing financial settlements and prosecutions - and it's not one confined to the Revenue in Ireland. It's a struggle that confronts Revenue authorities the world over.

Now, I know this may be out of character for me - but I happen to sympathise with the Revenue on this dilemma. And I sincerely believe that someone - outside the Revenue - has got to stand up and say that the Revenue policy of selective prosecution, in a small number of cases, is an efficacious policy and one that is in line with the very best international practice.

BUT, even if we agree on this point, the next logical question which arises is – Why, - when certain tax cheats are selected for prosecution, - why don't they go to jail?

The answer is relatively simple: Securing a criminal conviction under our present laws requires a high level of proof. To pursue a successful prosecution, the Revenue must assemble evidence that is beyond all reasonable doubt. It must be as fresh as *Mai West* and as reliable as rain falling in Galway. And even if the Revenue gets this far, a jail sentence is by no means inevitable. Many of the factors that influence a conviction fall outside the control of the Revenue. To send a convicted tax cheat to jail, the court would have to be satisfied that the convicted one was of sullied character; had burned everything with a harp on it; had refused to pay a penny in penalties and to have at least one previous conviction...

And given that Revenue prosecute about 10 tax evasion cases a year and nearly 3000 cases for not filing a return, - it is going to be a while before they are confronted with repeat tax offenders. YOU see – “Catch up” - takes time.

Finally, it is frequently said by the cognoscenti that what the Irish Revenue needs most is a Lester Piggott type figure. Such an example would re-enforce Revenue’s voluntary compliance message and act as a deterrent. ...Well, all I can say is that if the Irish Revenue wants to send a high profile Irish jockey to jail – the Revenue is going to have to find a jockey who is guilty of an Irish tax double fault– if they really want to pass the post.

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**THE END**

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