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Report to the Finance Strategic Policy Committee

Re: Special report of the Comptroller and Auditor General Administration and Collection of Motor Tax

Background

Previous Reports 23/2016 and 1/2017 have been considered by the Finance Strategic Policy Committee relating to the administration of the motor tax service. A review of the motor tax service has been underway jointly by the Local Government Audit Service (LGAS) and the Comptroller and Auditor General (C&AG) Report No. 97 (circulated) refers.

Focus of Report

The scope of the report was to review the trends in 'motor tax receipts, the costs of collection and the effectiveness of controls in ensuring compliance with motor tax regulations'. The scope did not include a review of the structure of motor tax administration nor the removal of paper motor tax discs.

Costs of Transactions – Dublin

Section 3.1 to 3.7 (including Figure 1) gives details of 'motor tax payment processing' and 'other motor tax services'. Some detail in note a and b is provided as to how motor tax payment processing costs were approached although the activity is not defined.

To arrive at comparable data for Dublin 59% of staff costs and 55 % of non pay costs incurred by Dublin City Council in 2014 were identified, this being the basis of the data presented in the report

See Table 1 in Appendix

Online Payments

Section 3.23 references trends in motor tax online transactions.

The rate of increase over the period in Dublin was 24%. As of now, the rate of increase is at 2% per annum. Should that be maintained then circa 90% of transactions would be processed online by 2020. This would require continuous improvements to the online service and customers continuing to choose to transact online. The Dublin Motor Tax Service consulted public callers as part of a feedback exercise on 1st March 2016. Of those customers, 73% could have availed of online transactions.

See Table 2 in Appendix

Motor Tax Online and Motor Tax Offices

Table 3 in the Appendix illustrates the Motor Tax online transactions and the number of Motor Tax Offices per county. While the county with the lowest online transactions also has the highest number of offices, there is no inverse correlation that can be drawn from the number of offices as against the use of online processing.

Change of Ownership Patterns

The report outlines an increase of 50% in the volume of multiple changes of ownership recorded in the 15 month period to end of March 2015 against the 15 month period to the end of March 2012.

Records point to a 10% increase in volume of change of vehicle ownership effected over the same periods in the Dublin Motor Tax Service. As of now there is no requirement for a vehicle to be tax when sold.

This is a matter which requires further review.

Kathy Quinn

Head of Finance

With responsibility for Information Communications Technology

Appendix 1

Table 1 – Cost of Motor Tax Processing – comparable date for Dublin City Council

	2014	2016
	€	€
Staff costs (59%)	2,483,293	1,544,030
Non pay costs (55%)	<u>1,270,057</u>	<u>501,849</u>
Total costs of processing payments (2014)	3,753,350	2,045,879
Payment transactions	367,600	264,790
Cost per payment transaction	€10.20	€7.73

Table 1 illustrates the cost per payment transaction of €10.20 in 2014, which has reduced to €7.73 in 2016.

Table 2 - Online Motor Tax Transactions

Proportions of Transactions online	National %	Dublin %
2010	44	59
2015	67	83

Table 3 – Motor Tax Online and Motor Tax Offices

Motor Tax Office	% ONLINE (OVERALL BUSINESS)	No. Of Offices
DUBLIN CITY COUNCIL	82.83	1
MEATH	78.68	1
KILDARE	78.37	1
CORK	73.89	1
WICKLOW	73.81	3
NTH TIPPERARY	73.17	1
KERRY	72.00	1
WEXFORD	65.93	1
GALWAY	65.82	2
LIMERICK CITY & COUNTY CL	65.20	2
KILKENNY	64.80	1
CAVAN	64.63	1
STH TIPPERARY	64.35	1
WATERFORD CITY & COUNTY COUNCIL	64.29	2
CLARE	63.07	2
LOUTH	60.36	2
OFFALY	60.29	1
MAYO	60.02	3
LEITRIM	58.98	1
LAOIS	56.46	1
SLIGO	56.08	2
MONAGHAN	55.51	1
CARLOW	54.25	1
WESTMEATH	52.68	1
LONGFORD	52.45	1
ROSCOMMON	49.99	1
DONEGAL	46.64	6
TOTAL		42