

JC BUSINESS



HUB

WORKBOOK SOLUTIONS



Different types of Government Revenue

Q1 Explain the difference between:

- (a) Current revenue
- (b) Capital revenue

Give one example of each in your answer.

(a) **Current Revenue: Income collected on a recurring basis each year (day-to-day income).**

Example: PAYE / VAT / Corporation Tax / Passport fees

(b) **Capital Revenue: Once-off / non-recurring income, often for major projects.**

Example: Sale of state assets (e.g. land/buildings) / EU grant / long-term borrowing.

Q2 Place a ✓ in the correct column to indicate whether each example is Current Revenue or Capital Revenue.

Statement	Current Revenue	Capital Revenue
PAYE collected from workers	✓	
Sale of a government building		✓
VAT collected on goods sold by businesses	✓	
EU Grant received for a new motorway		✓
Passport fees collected for issuing Irish passports	✓	

Q3 Taxation is the main source of income in Ireland’s National Budget.

Apart from taxation, explain two other sources of income for the Irish Government.

1. **EU grants – Money from the EU for specific projects that does not have to be repaid.**

2. **Sale of state assets / privatisation – Selling land, buildings, or state companies to raise once-off income.**

3. **Fees or fines received e.g. passport fees**

Q4 The Irish Government sells land it owns for €2 billion.

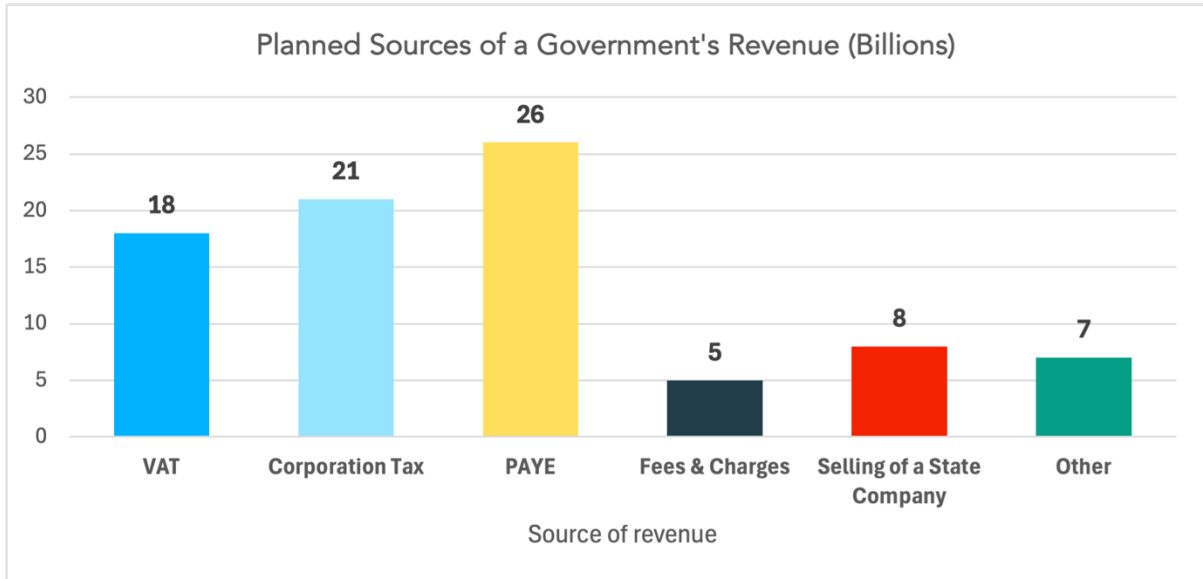
(a) Circle the type of revenue received: **Current / Capital**

(b) Explain your answer

It is capital revenue because selling land is a once-off / non-recurring source of income (sale of a state asset).



Q5



(a) What is the largest source of revenue for the government in 2026? _____

(b) Add the figures from the graph in to the table below to calculate the total planned revenue for the government. Show your workings.

Source of Revenue	€ Billions
VAT	18
Corporation Tax	21
PAYE	26
Fees & Charges	5
Selling of a State Company	8
Other	7
Total Revenue:	85

(c) Calculate the percentage of total revenue that Corporation Tax makes up

Hint: Use the formula -> $\text{Value of corporation tax} \div \text{value of total revenue} \times 100$

$$21 / 85 \times 100 = 24.7\%$$

(d) Identify one source of current revenue and one source of capital revenue in the figures above. Explain your choices.

Current Revenue: PAYE (or VAT/Corporation Tax/Fees & Charges)

Explanation: Collected every year (recurring).

Capital Revenue: Selling of a State Company

Explanation: Once-off (non-recurring).



Different types of Government Expenditure

Q6 Explain the difference between Current expenditure and Capital expenditure
Give one example of each in your answer.

(a) Current Expenditure: Recurring spending to run day-to-day public services.
Example: Paying nurses/doctors/teachers; Jobseeker’s Allowance; heating/lighting schools.
(b) Capital Expenditure: Once-off / non-recurring spending on long-term projects/infrastructure.
Example: Building schools/hospitals/roads; building social housing.

Q7 Place a ✓ in the correct column to indicate whether each example is Current Expenditure or Capital Expenditure.

Statement	Current Expenditure	Capital Expenditure
Building a new primary school		✓
Providing State pensions	✓	
Paying prison officers	✓	
Installing new IT systems in hospitals		✓
Spending €1m to develop a new public transport app		✓

Q8 State one example of **capital and current** expenditure for each Government Department

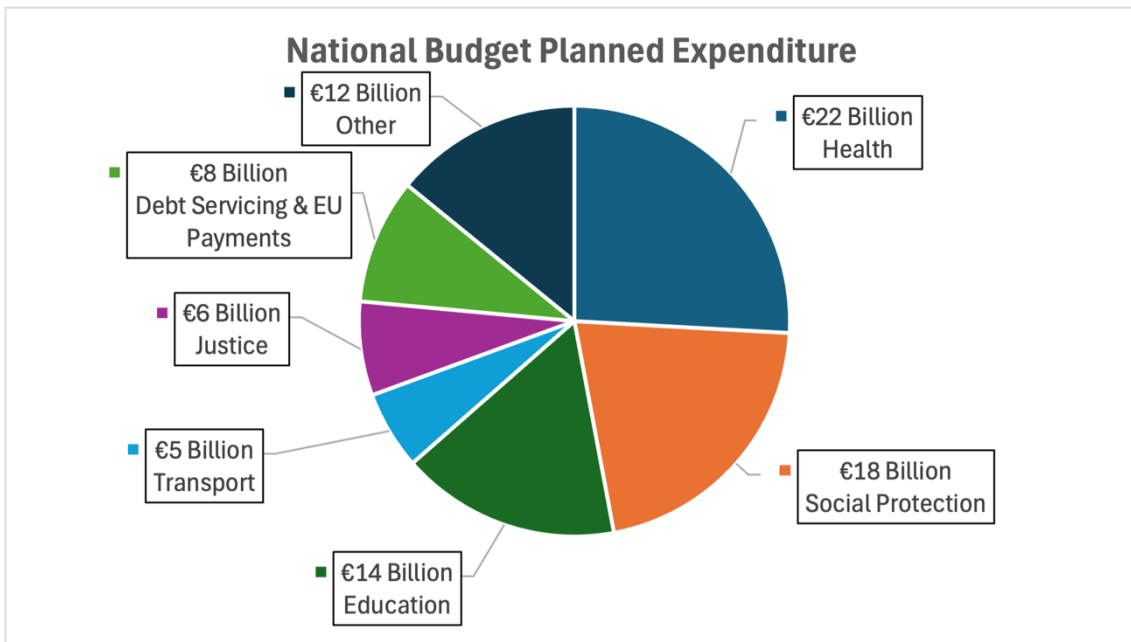
Government Department:	Capital Expenditure	Current Expenditure
1. Health	Building a new hospital / hospital wing	Paying nurses and doctors’ wages
2. Education and Youth	Building new schools / classrooms	Paying teachers’ wages
3. Transport	Building new roads / rail line	Paying bus drivers’ wages / running public transport
4. Social Protection	Developing a new welfare IT system	Paying Jobseeker’s Allowance / state (public) pensions
5. Housing	Building social housing	Funding homelessness services / rent supports



Top Tip: When dealing with government expenditure in different departments, do not just write “pay workers”. Be specific, for example: “Paying nurses in hospitals” or “Funding Irish athletes to train for the Olympics”. Similarly for social welfare payments, be specific and write “Jobseeker’s Allowance”.



Q9



(a) Using the information from the pie chart above calculate the total government expenditure for the government using the table below:

Total Government Expenditure	
	€ Billions
<i>Expenditure</i>	
Health	22
Social Protection	18
Education	14
Transport	5
Justice	6
Debt Servicing & EU Payments	8
Other	12
Total Expenditure:	85

(b) What is the largest source of expenditure for the government?

Health

(c) Identify one example of capital expenditure and one example of current expenditure for the Department of Health

Current Expenditure: Paying nurses/doctors' wages (or hospital running costs)

Capital Expenditure: Building hospitals / hospital extensions (or major equipment purchase)

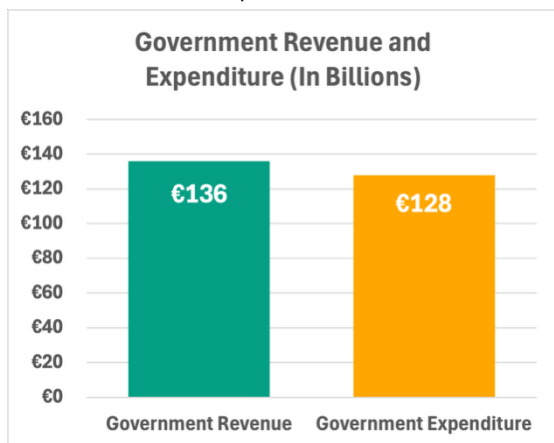


Surplus, Deficit and Balanced Budgets

Q10 Place a ✓ to indicate whether each statement is TRUE or FALSE.

Statement	TRUE	FALSE
A surplus occurs when government revenue is greater than government expenditure	✓	
The government would need to increase borrowing when they have a budget surplus		✓
A deficit occurs when government revenue is greater than government expenditure		✓
A balanced budget occurs when government revenue equals expenditure	✓	
The government can use a budget surplus to reduce the national debt.	✓	
If there is a budget deficit, the government may need to borrow money.	✓	

Q11 Answer the questions based on the graph below

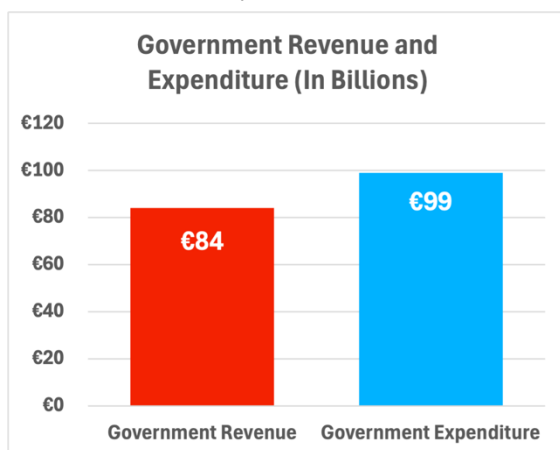


Calculate the government budget for the year, and state whether it is a **deficit** or **surplus**

Workings: €136bn minus €128bn

Answer: €8bn surplus

Q12 Answer the questions based on the graph below



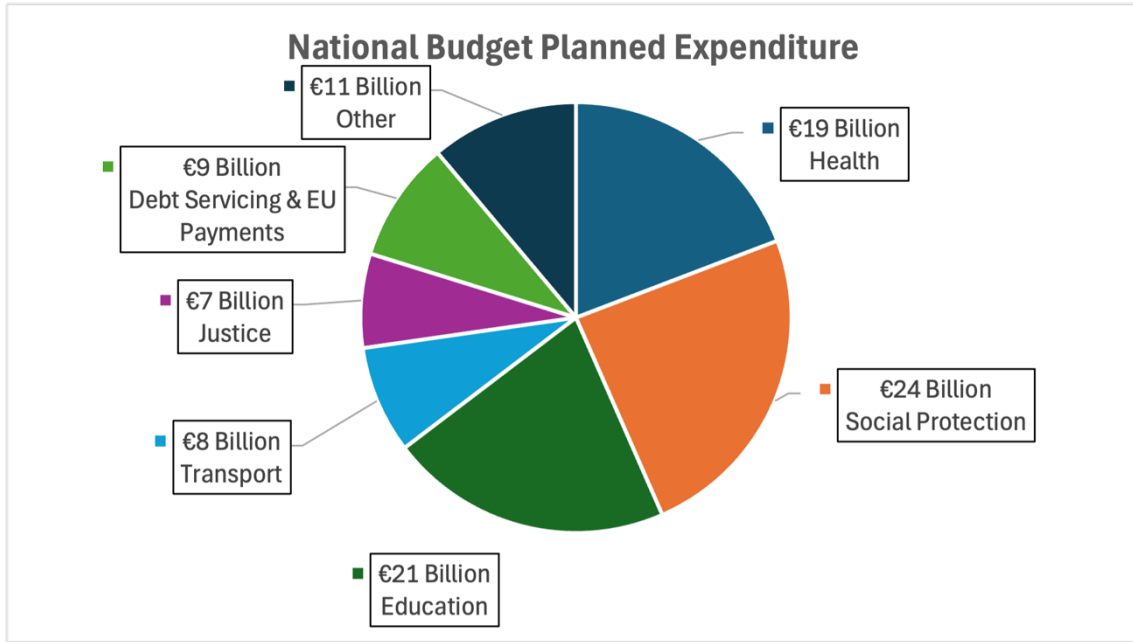
Calculate the government budget for the year, and state whether it is a **deficit** or **surplus**

Workings: €84bn minus €99bn

Answer: €15bn deficit



Q13



(i) Using the information from the pie chart above prepare the National Budget for the following year.

National Budget for the year		
	€ Billions	€ Billions
Total Income		121
Expenditure		
Health	19	
Social Protection	24	
Education	21	
Transport	8	
Justice	7	
Debt Servicing & EU Payments	9	
Other	11	
Total Expenditure		99
	Answer:	€22bn
Is the government budget for the year a Surplus or Deficit?		Surplus



(ii) Identify the sector the government plans to spend the **most** money on next year.

Social Protection

(iii) In the event of a **surplus in the National Budget**, advise the Minister for Finance what to do with the surplus money.

1. Repay some of our National Debt to reduce our borrowing

2. Improve public services by increasing public spending on health or education

3. Reduce taxes as we don't need as much revenue, to increase people's disposable income / improve their standard of living

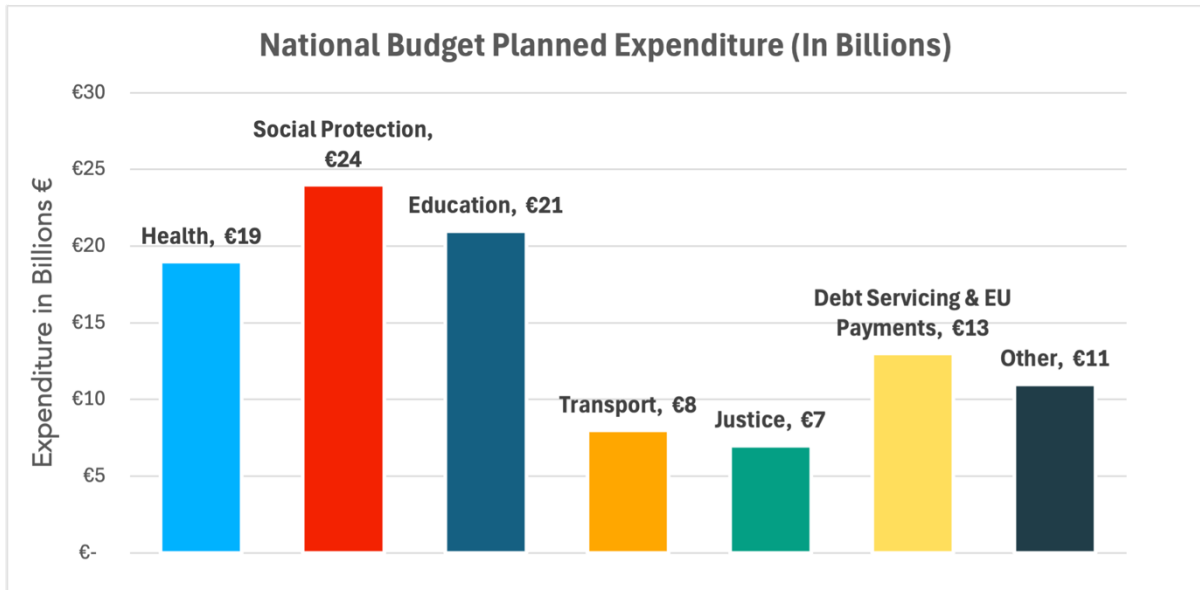
(iv) Identify one example of **capital expenditure** and one example of **current expenditure** for the Department of Education and Youth.

Current Expenditure: Paying teachers/SNAs wages/Schoolbook scheme/hot meals

Capital Expenditure: Building new schools/classrooms (or school equipment eg building new science labs).



Q14



(i) Using the information from the pie chart above prepare the National Budget for the following year.

National Budget for the year		
	€ Billions	€ Billions
Total Income		101
Expenditure		
Health	19	
Social Protection	24	
Education	21	
Transport	8	
Justice	7	
Debt Servicing & EU Payments	13	
Other	11	
Total Expenditure		103
	Answer:	(€2bn)
Is the government for the year a Surplus or Deficit?		Deficit



(ii) Identify the sector the government plans to spend the **most** money on next year.

Social Protection

(iii) Identify the sector the government plans to spend the **least** money on next year.

Justice

(iv) In the event of a **deficit in the National Budget**, advise the Minister for Finance on two possible ways to cover the shortfall of money.

1. Borrow money (increases national debt; must be repaid with interest)

2. Increase revenue by raising taxes (eg increasing PAYE rates) or introducing new taxes

3. Cut spending on public services eg reduce the number of buses or bus routes

(v) Identify one example of **capital expenditure** and one example of **current expenditure** for the Department of Transport.

Current Expenditure: Paying bus drivers

Capital Expenditure: Building new roads/rail infrastructure

