



FIN-MO-05561-2020

20th October 2020

Mr Niall Cody
Chairman
Revenue Commissioners
Blocks 8 – 10
Dublin Castle
Dublin 2 D02 F342

Flat Rate Expense (FRE) Regime

Dear Chairman

I refer to previous correspondence in relation to the above.

Arising from the matters discussed in the correspondence, Revenue announced its decision to defer the implementation of any planned changes to the flat rate expenses (FRE) regime pending the outcome of a review relating to the tax deductibility of expenses in employment by the Tax Strategy Group (TSG).

Last month, the TSG, as part of the presentation and examination of the issues in its paper on Income Tax, set out a number of policy options as to how the flat rate expense issue might be addressed going forward. While the TSG did not reach specific conclusions in the paper, the Group observed that, having regard to the huge disruption in the labour market brought about by COVID-19, the question of the appropriate timing of the introduction of any policy changes relating to the flat rate expenses regime was one that would require careful consideration.

Against this background and given that the deliberations on the policy matters set out in the TSG paper continue, I would be very grateful to receive your early views on what the next steps might be from the perspective of the Revenue Commissioners in the process of review relating to the FRE regime.

Yours sincerely

Paschal Donohoe T.D.
Minister for Finance.