

Case Decision Escalation Framework [CDEF]

Background

It is a core objective of Revenue to support and facilitate businesses and taxpayers to comply with their tax return filing and tax payment obligations on a timely basis every time. Revenue expects that businesses and taxpayers supported and assisted by their agents or tax practitioners organise their financial affairs to ensure that tax debts are paid as they fall due. Where that expectation is not fulfilled then Revenue is obliged to take effective measures to address the late or non-compliance.

Arising from the efforts of business, taxpayers, agents, tax practitioners and Revenue, high levels of voluntary timely compliance have been achieved. These high levels of voluntary compliance are supported by Revenue's actions in addressing late or non-compliance whether through engagement with the business, taxpayer, agent or practitioner concerned or through the application of measures such as the charging and collection of interest where payment is made late or through the deployment of effective enforcement measures that ensure recovery of the tax debt due where non payment is a feature. **Revenue is determined to maintain the current high levels of compliance notwithstanding the more difficult economic circumstances in which businesses and taxpayers are now operating. Revenue cannot and will not become a banker of last resort.** Revenue therefore expects that businesses and taxpayers supported and assisted by their agents or tax practitioners **will continue to maintain a clear focus** and organise their financial affairs to ensure that tax debts are paid as they fall due

The current economic and financial environment is making it particularly difficult for some businesses and taxpayers to meet their tax payment obligations on time even where they are fully committed to so doing and in more favourable economic and financial circumstances did precisely that. Revenue is disposed to working with such businesses and taxpayers to find a way through these difficulties provided there is a positive and honest engagement with Revenue and the fundamentals of the underlying business are sound.

The standard approach to working and management of cases has worked well in developing and maintaining a strong voluntary compliance culture and in guiding the approach to responding to late or non-compliance. The case working principles informing that approach continue to have relevance even in the current climate and remain valid for the vast majority of cases. However, some financially viable businesses and taxpayers have in recent times experienced particular difficulties in meeting their tax payment obligations. This has been due to particular cash flow problems arising from late payment to them by their debtors or arising from bad debt(s) that have been exceptionally incurred thereby severely restricting the business' or taxpayers capacity to meet immediate financial obligations, **including** timely payment of tax debts as they fall due. In recognition of these particular realities for otherwise viable businesses and to facilitate Debt Management Units trying to find a solution that will get such businesses back to timely compliance with the minimum of delay, the Collector General has decided that some additional considerations to those that normally or generally apply may arise in determining how Revenue will respond

to such businesses. In that regard, a new Case Decision Escalation Framework [CDEF] has been devised which will allow for the speedy and appropriate referral of cases for a higher-level decision. This arises where particular regard may need to be had to factors largely outside of the control of a business but which negatively impact on the business' or taxpayer's capacity to meet tax payment obligations in a timely fashion.

Business Viability

A key determinant in deciding to have particular regard to such factors is that the business concerned is viable and that the business shows its capacity and commitment to meet all future tax payment obligations where they fall due. Managers are authorised to give appropriate consideration to such factors and to agree a way forward having particular regard to these factors that facilitate the continued operation of a viable business that will meet its tax obligations in a timely fashion. The extent of the room for manoeuvre by a manager will be significantly influenced by the level and timeliness of meaningful engagement by the business in the first instance. Non-compliance with this condition should be treated as a serious escalation of the risk associated with the case requiring immediate and effective response by Revenue.

Considerations

The particular considerations that may arise for Revenue in responding to such businesses or taxpayers will generally centre on the following:

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[...]

Framework

A deviation from routine case decision making may involve recognising the **non-routine** nature of such decision making, these decisions will be made at HEO, AP or Principal level, as appropriate. Managers at these levels will put in place the necessary arrangements now with their front line debt collection and recovery staff as to the precise mechanism by which cases will be identified as being potentially appropriate for these additional considerations and therefore brought to their attention for decision. The Debt Management Coordination Group will take a lead role in this regard in ensuring consistency of approach across the Debt Management Units.

Where the additional considerations encompass a **phased payment arrangement**, then the business or taxpayer will be required in every instance to provide sufficient information to justify such consideration. This will include

- Realistic cashflow for the following 6 months
- An up to date debt profile
- Up to date management accounts
- An outline of how the proposed repayment schedule will be serviced

- Up to date bank statements that will allow Revenue to take a view as to whether there are increasing excesses on the account and to take a view on the extent of the account swing
- Aged debtor and creditor profile

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