

# TALC Sub-committee on

## Simplification of Business Supports for SMEs

Meeting Date: 21 February 2024

Location: Main Conference Room, Bishops Square

Time: 10 am

### Minutes

#### **Item 1: Minutes of previous meeting and matters arising.**

- Minutes of the meeting of 1 February 2024 were agreed.
  
- Minutes will be published at <https://www.revenue.ie/en/tax-professionals/talc/index.aspx>
  
- The Chairman reminded the group of the purpose of the subgroup, to identify potential opportunities to simplify the administrative processes associated with various business supports and schemes, with a particular focus on smaller businesses. In this context he noted that making recommendations on matters of policy was outside of the remit of TALC.
  
- The SFA thanked Revenue for the follow-up contact from the last meeting in relation to potential developments to Revenue's website.

#### **Item 2: Initial Outline of issues in relation to reliefs relevant to growth/maturity stage**

Practitioners outlined their views in relation to the following tax reliefs:

- Research and Development Tax Credit
- Transfer of a business to a company
- Revised Entrepreneur Relief
- Relief for Investment in Innovative Enterprises (New "Angel Investor" Relief)
- Accelerated Capital Allowances for Energy Efficient Equipment
- Tax Relief Scheme for Capital Expenditure on Intangible Assets
- Taxation of acquisition by a company of its own shares

## **R&D Relief**

Practitioners outlined concerns regarding the conditions for the claiming R&D relief, including issues such as meeting the scientific advancement test, the level of documentation required to support R&D claims, the new pre-notification requirement and the 12 month timeline for the making of claims.

Reference was also made to the potential re-use of documentation required to support grant aid or assistance by other State Agencies such as Enterprise Ireland for tax purposes. Concern was noted with regard to the risks attached to ineligible claims and whether a resource can be made available to assist claimants in satisfying themselves as to their eligibility. Practitioners reported that SMEs were opting not to claim the relief on a cost benefit basis.

### **Transfer of Business to a Company**

Issues noted here included the challenge and cost of valuing a business as well as the amount of the Stamp Duty charge.

### **Revised Entrepreneur Relief**

Concerns noted included the alignment of the conditions for the relief with the use of holding company structures for legitimate commercial reasons such as risk management and the limitation imposed by the 30-hour working requirement.

### **“Angel” Investor Relief**

This relief is currently subject to a Ministerial Commencement Order. Issues of concern noted included the certification process for qualifying entities.

### **Accelerated Capital Allowances for Energy Efficient Equipment**

A view was expressed that the cost limits placed on electric cars need to be updated to reflect market costs. A key administrative concern was the need for SEAI listing of approved items of equipment rather than meeting the criteria to be included on an SEAI approved list.

### **Intangible Assets (s.291A)**

It was noted that the acquisition of intangible assets, to which the provisions of s.291A apply, is not a feature of small business activity.

### **Buy backs by Companies of own Shares.**

Practitioners noted disagreement with Revenue interpretation of certain legislative conditions relating to issues of Consideration for purchase of shares and the requirement for reduced shareholding by persons availing of the relief.

## **Item 3 AOB**

None

## **Action Points:**

- Practitioners to submit written papers elaborating on the range of issues raised to date.
- Next meeting scheduled for March 13<sup>th</sup> at 10am in Bishops Square.

**Attendance**

**Revenue:** Brian Boyle (Chair), Emma Brennan (Secretary), Martina Mulligan, Sarah Collins

**CCAB – I:** Grainne McDermott, Enda Faughan

**ITI:** Anne Gunnell, Ian Collins

**SFA:** Catherine McGovern

**Apologies:** Davena Lyons, Caolán Doyle, Laura Lynch, David Broderick