

Minutes

TALC Audit Sub-Committee Meeting

Tuesday 6th February 2018 – 10.00am

Revenue Commissioners, Planning Division, Bishop's Square, Dublin 2.

Attendees:

| | |
|-------------------------------------------|----------------------------|
| Practitioners: <i>Ruth Higgins</i> | <i>Law Society</i> |
| <i>Norah Collender</i> | <i>CCABI</i> |
| <i>Gerry Higgins</i> | <i>CCABI</i> |
| <i>Mary Healy</i> | <i>Irish Tax Institute</i> |
| <i>Jim Kelly</i> | <i>Irish Tax Institute</i> |
| <i>Julie Burke</i> | <i>Irish Tax Institute</i> |
| <i>Aidan Lucey</i> | <i>Irish Tax Institute</i> |

Revenue:

Kathleen Redmond (Chair)
Declan Rigney
Stephen Flynn
Padraigh Donnelly
Mary Deeley
Katie Ryan (Secretary)
Amy Reville

Apologies: *Denis Barry (Revenue), Clare Lucey (Revenue)*

Item 1 – Membership

The Chair (Kathleen Redmond - Revenue) opened the meeting and welcomed the Sub-Committee to the first meeting of 2018. The date of the next meeting of the Sub-Committee has been moved from 10th April 2018 to 17th April 2018.

Item 2 – Minutes of meeting held on 28th November 2017

Practitioners requested additions to the minutes to include the following;

- Reference to Revenue raising double assessments in certain cases to protect the exchequer
- Reference to Revenue monitoring the process leading up to issuing double assessments
- A change to the wording relating to the re-grossing of emoluments provision under Finance Act 2017

Following the revisions above, the minutes were then agreed.

Matters Arising:

Actions points from that meeting were reviewed.

Delays in Closing IVs

The Practitioners referred to the Timeliness Standard in the Quality Assurance manual issued in December 2017 and the statement relating to Revenue, on request from the taxpayer/agent, contacting the taxpayer/agent within three months of receiving all information requested. This is also referenced in the Code of Practice for Revenue Audit and other Compliance Interventions and encourages caseworkers to go back and review cases in which information is received.

Revenue provided an update on a recent quality assurance review of 68 cases. This review identified 14 cases that had been open for over 600 days. The reasons behind the delays in these cases are as follows;

- In 4 cases there were lengthy delays in the response period by the agent/taxpayer
- In 3 cases, legal opinion had been sought
- In 3 cases the reason for the delay could not be identified
- In 2 cases the taxpayer had suffered from ill-health
- 1 case was under Appeal
- 1 case involved a delay on Revenue's part due to the retirement of a caseworker.

Revenue re-iterated that the focus on Quality Assurance continues and this process includes looking at Revenue responsiveness. It also includes reminding caseworkers to keep the taxpayer and agent informed.

The ITI reported instances in which the initial follow up to an audit by the Revenue caseworker had taken a number of weeks due to Revenue officers having a number of audits scheduled consecutively. Practitioners requested that this be borne in mind when scheduling audits. Revenue requested that any issues relating to delays are brought forward by the Practitioner representatives and it was agreed to keep this topic on the agenda for the Sub-Committee.

Foreign Income and Asset Disclosure Regime

Revenue confirmed that the disclosures were now under review in the Regions and that there should be significant progress in case working in the coming months. The ITI queried the timeline for progression of the more complex cases which were kept for review in IPD. Revenue stated that as they were more complex, it would be difficult to provide a progression timeline for these cases.

Practitioners queried whether a taxpayer now making a Foreign Income and Assets disclosure should send it to their District or to IPD. Revenue confirmed that the taxpayer should send the disclosure to the appropriate District.

eAudit pre-Meeting

Revenue confirmed that LCD and 2nd Tier have templates that are used during the eAudit pre-meeting. In an effort to understand the taxpayer systems, caseworkers may ask for journals or other data. The ITI stated that the agreed protocol in relation to the eAudit meeting was that this pre-meeting was only an opportunity for Revenue to gain an understanding of the methodologies and systems used by the taxpayer with a view to preventing unnecessary delays. They felt that in some cases, Revenue taking large amounts of data and examining this data before the audit commences may prejudice the taxpayer. Revenue confirmed that caseworkers have been reminded of the rights of the taxpayer to make disclosures and that the pre-audit meeting does not interfere with disclosure opportunities under the Code of Practice.

Double Assessments

Revenue stated that information has been requested relating to double assessments raised in November and December 2017 and will revert back to the Group on this issue.

Return of Trader Details

No update was available in relation to this eBrief.

Item 3 – Work Plan 2018

Revenue Intervention Correspondence

The ITI requested that any new types of intervention letters, to include letters for pilot programmes or long-term initiatives be made known to the Sub-Committee to ensure that practitioners know the full range of potential letters. Practitioners noted the increased use of non-audit interventions and referenced different types of letters issuing using different terminology. Revenue agreed that practitioners will be informed, as far as possible, about national compliance programmes, and the wording of related standard letters, either at meetings of the Sub-Committee or by email where no meetings of the Sub-Committee are due to take place. It was noted that relevant updates on any National or Regional Projects are included in the 2018 work-plan.

Item 4 – Family Wages Manual

The Chair passed on the apologies of Revenue representatives from Revenue Legislative Services (RLS) who were unable to attend this meeting. Revenue requested views and comments from the practitioner bodies and stated that these would be sent to RLS for consideration.

Practitioners gave some brief comments on the manual as follows;

- They queried where the need for this manual arose and whether it was a recurring issue during audit or a gap in guidance.
- They pointed out that the manual singled out the farming sector and expressed the view that it may be inappropriate to single out one particular sector in a manual.
- They stated that the tone of the manual may be intimidating and there is an absence of positive examples and reference to legitimate cases.
- They queried the intentions behind the dual-purpose test section and expressed some concern in relation to the hindrance the guidance may have on succession planning.

Practitioners agreed to forward these comments in writing to the Chair for consideration by Revenue.

Item 5 – Items raised by Practitioners (not on the Work Plan)

Management Buy-outs

The CCABI stated its dissatisfaction with the amendments to Section 135 TCA 1997 contained in Finance Act 2017, and the absence of consultations with practitioner representatives. Revenue stated that this topic had been discussed at Main TALC and is also under review by TALC Technical. As a result Revenue felt that there was no benefit in also having it on the agenda for the Audit Sub-Committee. It was agreed by the Sub-Committee that if any Compliance issues arise, they could be discussed by this Sub-Committee.

No Loss of Revenue

Practitioners stated that the No Loss of Revenue practice as outlined in the Code of Practice for Revenue Audit and other Compliance Interventions (“the Code”) can be subjective. They highlighted some cases in which the taxpayer had fully proven to Revenue that there had been No Loss of Revenue but it was not granted. Revenue responded stating that the criteria were set out in the Code and if the criteria were met and there had not been a failure to operate the tax or duty system correctly then the practice may be granted.

This item has been added to the 2018 work plan and practitioners are to revert with examples wherein they feel the subjectivity of this practice is evident. Revenue will seek to provide some statistics on the use of this practice.

Code of Practice for Revenue Audit and other Compliance Interventions

Practitioners queried if Revenue had any plans to revise the Code and if so, is there a consultation timeline as the time-frame given in 2017 was too short and it did not allow for them to get representations and feedback from members. They requested that adequate time be provided for consultation for future revisions.

Practitioners stated that due to numerous revisions in recent years, and various versions of the Code on the Revenue website, it can be difficult to differentiate between the Codes and their period of operation. Practitioners agreed that the explanatory memorandum containing a summary of revisions/updates which was published with the 2017 Code was very useful and should also be prepared for future releases.

Item 6 Items AOB

Revenue Non-Filer Programme

Revenue stated that the annual Income Tax non-filer programme had commenced and 99,000 reminder letters have issued to taxpayers and agents. The Corporation Tax non-filer programme will commence at the end of February with approximately 25,000 reminder letters to issue.

Non-Principal Private Residence Charge

Revenue confirmed that a response had issued to all taxpayers who had submitted a protective claim in respect of the NPPR charge.

| Action Point | Responsible | Timeframe |
|---------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------|
| <i>Delays in Closing IVs/ Repeat IVs</i> Practitioners and Revenue to monitor and provide updates | Revenue & Practitioners | Next meeting |
| <i>Revised dates for 2018 meetings to be circulated</i> | Revenue | In advance of the next meeting |
| <i>Alternative Assessments</i> Practitioner bodies and Revenue to monitor the use of alternative assessments. | Revenue & Practitioners | Next meeting |
| <i>Return of Trader Details</i> eBrief on obligation to file RTD to issue | Revenue | When available |
| <i>Family Wages Manual</i> Practitioners to provide written comments in relation to this draft manual | Practitioners | In advance of next meeting |
| <i>No Loss of Revenue</i> Practitioners to provide examples and Revenue to provide statistics in relation to its use. | Revenue & Practitioners | Next meeting |

The next meeting of the TALC Audit Sub-Committee is scheduled to take place on **Tuesday 17th April at 10.00am.**

Submitted for approval by Secretary – 13th March 2018

Approved by **TALC Audit Sub-Committee Members** – 17th April 2018