

Minutes

TALC Audit Sub-Committee Meeting

Tuesday 17th April 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>Kimberly Rowan</i>	<i>CCABI</i>
<i>Paul Dillon</i>	<i>CCABI</i>
<i>Mary Healy</i>	<i>Irish Tax Institute</i>
<i>Jim Kelly</i>	<i>Irish Tax Institute</i>
<i>Aidan Lucey</i>	<i>Irish Tax Institute</i>

Revenue:

Kathleen Redmond (Chair)
Stephen Flynn
Padraigh Donnelly
Katie Ryan (Secretary)
Amy Reville
Denis Barry

Apologies: *Declan Rigney (Revenue), Julie Burke (Irish Tax Institute)*

Item 1 – Membership

The Chair opened the meeting and welcomed Kimberly Rowan.

Item 2 – Minutes of meeting held on 6th February 2018

The minutes of the meeting of 6th February 2018 were agreed.

Matters Arising:

Actions points from that meeting were reviewed.

Delays in Closing IVs

Revenue provided the results of a review undertaken on a sample of 100 eAudit cases. This review concluded that in 25% of the cases, the delays in bringing the intervention to a close were down to the taxpayer/agent. In 24% of cases there was a combination of issues such as Appeals, technical issues regarding legislation, liquidations, settling liabilities. The delays in 13% of the cases resulted from changes to Revenue caseworker. The change in caseworker was due to retirements, promotions, maternity leave. In a further 12% of cases, the lack of information regarding the software, or the sheer volume of information to work through was the reason for the delay.

The practitioner representatives welcomed the provision of these statistics by Revenue but felt that they didn't fully reflect the delays in cases they are hearing about from their members which were stated as being largely due to delays on the part of Revenue.

Revenue suggested that any taxpayers/agents that are encountering delays in cases on the part of Revenue can refer cases for internal review. Revenue agreed to continue to raise the issues of delays in cases with internal networks.

As this review concentrated on cases that were open over 600 days, practitioners suggested that it would be useful to have the results of a similar review on cases open for varying lengths of time.

Alternative Assessments

Revenue conducted a review of a sample number of cases in which an “alternative assessment” was raised in Q4 2017. The assessments were raised during ongoing interventions. It is Revenue practice to provide full details to taxpayers regarding the reasons behind the “alternative assessment” and state that Revenue is not seeking to tax the same income twice.

The practitioner representatives stated that it is more costly for the taxpayer to prepare cases for appeal where the income has been assessed twice. Revenue responded that this is not a new practice. It was agreed that every effort should be made, including agreement to a case review meeting, to minimise the number of instances.

Return of Trader Details

Revenue stated that before an eBrief issues on the impact that the non-filing of the Return of Trader Details will have on RCT deduction rates, there are system development requirements which Revenue is working on. Revenue will issue an update in due course.

Practitioners requested Revenue to limit the outstanding returns that will be considered in this process to recent years.

Family Wages Manual

Revenue thanked the practitioners for their feedback on the draft manual. This feedback was provided to Revenue Legislative Services who have updated the manual. The manual will issue shortly.

No Loss of Revenue

Revenue confirmed that statistics on the use of this practice are unavailable.

Practitioner representatives stated that they hope Revenue takes a practical approach when dealing with No Loss of Revenue claims. The Sub-Committee discussed the application of the No Loss of Revenue practice in relation to RCT and Revenue stated that the penalty applying in RCT cases is for non-operation of the system and No Loss of Revenue does not apply.

Revenue also reminded practitioners that taxpayers may make a case for innocent error if appropriate.

Item 3 – Work Plan 2018

Foreign Income and Asset Disclosure Regime

Revenue stated that all of the disclosures received have been sent to the Regions for review, with the exception of the more complex cases which remain with IPD. The Regions will be preparing Q1 reports later this month and a further progress update should be available shortly.

Practitioner representatives raised concerns about certain taxpayers who are now unable to avail of the opportunity to make a qualifying disclosure under the disclosure regime. The taxpayers referred to were taxpayers who did not have extensive offshore assets but includes, for example, PAYE taxpayers who have foreign shares and didn't realise the potential Irish tax implications. These taxpayers could now face publication and the practitioners feel that these taxpayers were not the intended "target" of this regime. This may deter taxpayers from coming forward. Revenue noted this. Revenue also reminded practitioners that if appropriate taxpayers may make a case for innocent error.

The ITI queried the delay with the working of these disclosures. Revenue confirmed it was as a result of the complexity in certain cases and resource issues.

Failure to Cooperate Fully with a Revenue Intervention

The Group agreed to remove this item from the work plan. Should issues arise in the future, this item can be reinstated.

Revenue referrals under S851A TCA 1997

Revenue confirmed that no referrals had been made and it was agreed to remove this item from the work plan.

National/Regional Projects

Revenue will be conducting profile interviews with employers who did not respond to letters issued in late 2017 in cases where ten or more employees were on the P35 but the employer had not notified Revenue of their employment. A profile interview does not constitute a Revenue audit and a taxpayer can still make a qualifying disclosure as set out in the Code of Practice for Revenue Audit and other Compliance Interventions. These profile interviews form part of a number of initiatives focused on PAYE compliance as part of PAYE Modernisation set to be introduced in 2019. Revenue agreed to share this letter with practitioners in advance of the letters issuing.

The ITI raised concerns about an audit letter received which covers PAYE Regulations only. Revenue stated that the PAYE modernisation compliance programme interventions will be completed by way of profile interview and requested practitioners to advise this Sub-Committee if they receive audit letters as part of the PAYE Modernisation programme.

The ITI asked Revenue to consider the severity of the PAYE Regulations' penalties especially in small employer cases.

Shadow Economy

Revenue is focusing resources on identifying those individuals who operate either in whole or in part in the shadow economy. Revenue has a range of 3rd party data available and uses all of this data in risk analysis.

Revenue is also focussing on eCommerce and online traders operating in the Shadow Economy.

PAYE Modernisation

Revenue will shortly issue a manual on the re-grossing of emoluments paid without the deduction of PAYE.

REAP

A REAP run took place in March 2018, the results of which are available to caseworkers. This run included details of rental subsidies.

Item 4 – Items raised by Practitioners (not on the Work Plan)

The Law Society stated that they are receiving frequent enquiries concerning the delays in Revenue issuing a “letter of no audit”. These delays result in funds not being released and are increasing work pressure on members of the Law Society. Revenue confirmed that this issue is under consideration and would seek to have an update for the next meeting.

Item 5 – AOB

46G Non-Filers

Revenue confirmed that it will issue 1,900 letters to 46G non-filers. These letters are targeted at 2nd Tier cases. A further 270 cases will be contacted as part of current open interventions by the caseworker. This is scheduled for the 11th May.

Family Wages manual

The ITI requested a copy of the manual on Family Wages. Revenue stated that it would request this from RLS.

Revenue Structure

Practitioner representatives queried Revenue’s structure and any changes proposed. Revenue stated that the structure was continuously evolving to meet prevailing needs. At this point in time dividing LCD into two Divisions and looking at a National 2nd Tier Division were being examined.

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>Family Wages Manual</i> Revenue to provide ITI with a copy of the revised manual.	Revenue	In advance of next meeting

The next meeting of the TALC Audit Sub-Committee is scheduled to take place on **Tuesday 12th June at 10.00am.**

Submitted for approval by Secretary – 17 May 2018

Approved by **TALC Audit Sub-Committee Members** – 12 June 2018