

TALC AUDIT Sub-Committee Meeting Minutes

Tuesday 27th April 2020 – 10.00am
Virtual Meeting through Skype for Business

Attendees:

Practitioners:	Ruth Higgins (Chair)	Law Society
	Gerry Higgins	CCAB-I
	Norah Collender	CCAB-I
	Mary Healy	Irish Tax Institute
	Jim Kelly	Irish Tax Institute
	Aidan Lucey	Irish Tax Institute
	Julie Burke	Irish Tax Institute
	Sandra Brennan	Irish Tax Institute
	Liam Grimes	Irish Tax Institute

Revenue:	Brian Boyle	Revenue
	Sarah Waters	Revenue
	Padraigh Donnelly	Revenue
	Stephen Flynn	Revenue
	Emma Murphy (Secretary)	Revenue

Apologies:	Paul Dillon	CCAB-I
	Maud Clear	CCAB-I
	Tom Martyn	Law Society

TALC AUDIT Sub-Committee Meeting Minutes

Item 1 – Opening Comments and Review of Minutes of Meeting held 24th February 2021

The Chair opened the meeting by welcoming everyone.

The previous minutes were agreed with no amendments.

Item 2 – Matters arising from minutes

There were no matters arising from the previous minutes

Item 3 – Work Plan 2021

3.1 Remote Working Guidelines

Revenue confirmed that they have not received any representations in relation to the recently issued Guidelines for conducting Revenue Interventions remotely during Covid-19.

3.2 TWSS Compliance Check Programme

Revenue confirmed that 97% of the TWSS Compliance Checks are now complete. A total of 2,600 cases have now been escalated to Aspect Query (AQ) for further information. Of these AQ's 1,883 are now closed. Overall, the compliance rate has been very high with less than 1% of cases giving rise to a settlement. The total amount of yield to date is approximately €15.5m.

Revenue confirmed that Business Division will be issuing a further reminder letter to approximately 890 employers (and their agents) who have failed to respond to previous compliance check letters. Revenue agreed to provide a copy of this letter to the members of the TALC Audit Sub Committee following the meeting.

Revenue provided a brief update regarding the progress of the TWSS Reconciliation. Approximately, 18,500 employers have now accepted their reconciliation result. In mid-May, Revenue will be writing to approximately 25,000 employers who have yet to complete Reconciliation in ROS and who have material liabilities based on the TWSS subsidy paid details reported. Employers will be asked to log into ROS, to review and accept the reconciliation before the end of June. Results will be deemed final following the end of June so it is essential that employers action this now. Revenue agreed to provide the members of the committee with a copy of the letter in advance of mid-May.

Revenue also confirmed that there are approximately 6,000 employers who have yet to provide all of their subsidy paid information. Where employers fail to submit details of subsidies paid Revenue will have to treat these as unpaid and recover the amounts in question when the reconciliation period closes at end June.

One practitioner body mentioned that certain Agents were having difficulty in accessing their client's reconciliation results where there had been a change in TAIN. The body will provide further detail and Revenue will examine.

3.3 EWSS and CRSS Compliance

Revenue advised that there is no update on EWSS and CRSS compliance matters at this time.

TALC AUDIT Sub-Committee Meeting Minutes

Item 4 – Update on development of revised Compliance Intervention Framework

Revenue introduced the new Compliance Intervention Framework, details of which were contained in the briefing paper circulated in advance of the meeting (See appendix) Revenue advised that the framework provides a graduated response to taxpayer behaviour, ensuring that taxpayers have both opportunity and incentive to self-review and self-correct where they are in any way in default on their tax affairs and to co-operate fully at every stage in a compliance intervention. The framework is intended to ensure clarity and consistency across all interventions.

Revenue noted that the Code of Practice for Revenue Compliance Interventions is being redrafted to take account of the changes and proposed that the sub-Committee avail of the opportunity for dialogue on the revised Code as it develops. Revenue will provide drafts of sections of the Code to the sub-Committee as they are developed and it was agreed that additional meetings may be held to facilitate dialogue on the matter.

Revenue is also commencing the development of changes to its IT systems to support the new framework which it anticipates coming into effect in early 2022.

Revenue provided an overview of how current intervention types will map into the new framework. Activities such as CCF engagement and Profile Interviews (where a case-specific risk has not been identified) will become Level 1 Interventions, Aspect Query activity (now Risk Reviews) and Audits will be in Level 2 and Investigations will be in Level 3. In relation to Aspect Queries it was noted that the range of activity that is carried on under this heading had expanded over time and certain activities have been, on occasion, classed as AQs that are more appropriate to Level 1. Revenue will provide further clarity on the activities at each Level in the revised Code of Practice. Revenue confirmed that the term “Aspect Query” will be discontinued when the framework is implemented in 2022. It was agreed that clarity on the nature of each intervention, in particular in Levels 2 and 3, is vital for taxpayers and Revenue.

The practitioners welcomed the opportunity for dialogue on the development of the Code and noted the importance of clarity in relation to the nature of each type of interventions, notice periods, disclosure opportunities etc. Revenue agreed to include samples of the form of notification for each type of intervention in the discussions on the Code.

4.1 Code of Practice Matters

A query was raised regarding the No Loss of Revenue provisions outlined in the Code. Revenue confirmed that there was no change in policy regarding this provision but that consideration of an NLOR claim involves a range of factors which have to be examined.

Item 5 – AOB

There was no other business

The Chair ended the meeting by thanking everybody for attending.

TALC AUDIT Sub-Committee Meeting Minutes

Action Points from this meeting	Responsible	Deadline
Practitioners invited to submit comments/proposals in relation to the Code of Practice.	Practitioners	Ongoing
Revenue to circulate TWSS Compliance letter	Revenue	April 2021
Revenue to circulate TWSS Reconciliation letter	Revenue	May 2021
Additional meeting for the new Compliance Intervention Framework	Revenue	Will be organized when the sections of the draft Code are available

The next meeting of the TALC Audit Sub-Committee is to be held virtually on Tuesday 29th June 2021 at 10am

Submitted for approval by Secretary

Approved by TALC Audit Sub-Committee

Appendix 1

Review of Compliance Intervention Framework Briefing note for the Audit sub-Committee of TALC 27 April 2021

Introduction

As set out in our Statement of Strategy, Revenue's core task is the collection of taxes and duties. We achieve this by providing excellent service to support voluntary compliance and delivering a risk-focused, effective and proportionate response to non-compliance, reflecting taxpayer behaviour. Our framework for compliance interventions is a key element of our response to tax risk.

Tax compliance interventions need to be seen in the wider context of our system of self-assessment. It is a fundamental principle of the self-assessment system that it is the responsibility of taxpayers to make timely and accurate returns of their tax liabilities. We acknowledge that most taxpayers clearly understand this and meet their tax obligations in an honest and responsible manner. However, even generally compliant taxpayers may, on occasion, make mistakes and there will always be a minority that seek to evade or avoid their obligations.

Therefore, it is important that Revenue operates a balanced approach to compliance checking that on the one hand provides opportunities for self-correction where innocent errors occur while also ensuring a robust and graduated response to non-compliance based on taxpayer behaviour.

The development of our Compliance Intervention Framework, which includes enhanced real-time engagement with taxpayers and tax agents across our segmented case base is now in train. The Framework builds on the real-time insights learned from PAYE Modernisation and the administration of the COVID-19 support schemes and provides a stepped approach to compliance that allows taxpayers to rectify errors at minimal cost but also includes an escalatory process with significant sanctions where non-compliance continues.

Compliance Intervention Framework – Key Principles

The key principles of the Compliance Intervention Framework are as follows:

- responsibility for timely and accurate compliance with tax and duty obligations lies with taxpayers,
- identification of risk and engagement with taxpayers by Revenue will continue to evolve to a real-time environment building on PAYE Modernisation and COVID subsidy scheme compliance,
- an effective framework of interventions will:

TALC AUDIT Sub-Committee Meeting Minutes

- seek to deliver a consistent and proportionate response to non-compliance informed by taxpayer behaviour and the nature and extent of risk involved,
- provide opportunity and incentive to taxpayers who, exceptionally, make mistakes to correct them voluntarily and quickly, thereby minimising costs, both to themselves and to Revenue,
- provide opportunity and incentive to taxpayers to engage positively with every stage of an intervention, thereby minimising costs and sanctions,
- provide assurance to compliant taxpayers and other stakeholders, that non-compliance is neither acceptable nor accepted and is being systematically targeted and addressed.

Compliance Intervention Framework – The Graduated Response

The graduated response that underpins the Compliance Intervention Framework is summarised as follows:

- Revenue will continue to optimise the supports available to taxpayers to enable them to get their tax affairs right first time,
- where, notwithstanding best efforts, errors occur, the taxpayer has an opportunity to self-review, without prompting from Revenue, and correct a default without the imposition of penalties,
- outside of the time-limits for self-correction, a taxpayer may still self-review and make a qualifying, unprompted voluntary disclosure with minimum penalty (as low as 3% in certain cases) and not be subjected to publication or prosecution for the default,
- where Revenue initiates an intervention in the absence of a self-correction or unprompted qualifying disclosure, a taxpayer can still obtain significant mitigation of penalty and avoid the risk of publication or prosecution by making a prompted qualifying disclosure and co-operating fully with the intervention,
- where a taxpayer fails to make a prompted disclosure there is still opportunity for mitigation of penalty where there is full and timely cooperation with the intervention,
- investigation interventions, where the opportunity to make a disclosure is withdrawn, are only initiated in cases where there is evidence of serious tax evasion or avoidance. However, there is still an opportunity for mitigation of penalties where there is full and timely cooperation with the intervention.

TALC AUDIT Sub-Committee Meeting Minutes

Compliance Intervention Framework – Intervention Levels

The Compliance Intervention framework will comprise 3 distinct ‘Levels’ (Level 1, Level 2, Level 3). These graduated levels can be summarised as follows:

Level 1 interventions are designed to support taxpayer compliance and allow for self-review, self-correction and the option to make an ‘unprompted voluntary disclosure’. These interventions include, *inter alia*, non-filer reminder notifications, real-time prompts to taxpayers during the making of returns; requests to groups of taxpayers to self-review on specific issues and engagement under Cooperative Compliance Framework agreements.

Level 2 interventions occur where Revenue notifies a taxpayer that a tax Audit or Risk Review (formerly an Aspect query) is to begin in 21 days. This provides the opportunity to make a ‘prompted qualifying disclosure’.

Level 3 interventions are generally carried out as investigations and occur in egregious cases where there are indications of serious tax or duty evasion or fraud. In circumstances where Revenue issues an investigation notification to a taxpayer the opportunity to make a prompted or unprompted disclosure is not available.

Code of Practice

The adoption of the revised Compliance Intervention Framework requires revisions to the Code of Practice. However, many aspects of the current version will remain the same.

We will consult with our TALC colleagues in the development of the revised Code of Practice. In this regard, it may be useful to convene one or more additional meetings of the TALC Audit Committee to enable practitioners to engage fully with the process.