Monday ,15 June 2026 11:00am

Revenue Office Bishop's Square and MS Teams

Attendees

Organisation	Name
Revenue	Eleanor Smiley (chair) Sarah Keegan (secretary) Áine Blackwell (guest presenter) Emily Swift Jennifer Fanning
Law Society	Trish McCarvill Laura O'Malley
Irish Tax Institute	Mary Healy Sandra Brennan Tim Lynch Fergal Kenzie Mark Ludlow Gemma Tugwell
CAI	Grainne McDermott Gerry Higgins
Apologies:	Aidan Lucey (ITI) Miriam Scahill (Revenue)

Introductions

Item 1 – Minutes of meeting held on 19 March 2026.

Revenue proposed an adjustment under Item 2 of the draft minutes of the meeting held on 19 March 2026. On page 2, the sentence:

"MED also have responsibility for individuals identified as having a net asset worth of between €15-20m" is to be revised to read:

"MED also have responsibility for individuals identified as having a net asset worth of between €10-20m".

Members confirmed that the minutes were agreed, subject to the above adjustment.

Item 2 – Action Points from previous meeting.

Action Point 1: Revenue confirmed that each representative body had provided a listing of their representatives for 2026.

Action Point 2: Revenue noted that clarification in relation to cases leaving CCF as part of case base moves had been provided as an Appendix to the minutes of the meeting held on 19 March 2026.

Action Points 3,4,5 and 6: Revenue confirmed that updates on these action points would be covered under the main agenda items.

Action Point 7: Revenue noted that the matter of technical adjustment where a claim for relief failed the bona fide test had been clarified with members of the sub-committee via email dated 28 May 2026.

Action Point 8: Revenue provided the below clarification on the governance in place with regard to the use of AI tools.

- Revenue has implemented several initiatives using AI based technology to improve operational efficiency. These include initiatives to classify and route queries from taxpayers, to simplify and expedite access to the information contained in its Tax and Duty Manuals and to extract data from documents and image-based material.
- Robust controls are in place to manage the risks arising from the adoption of this technology. These controls include ensuring that all stored data is encrypted and containerised, so that any access by vendors is to the underlying hardware only. We also have logging and auditing of all access to the data.
- We have strong governance processes in place which ensure our use of AI is safe, lawful and ethical, and aligned with national guidance on responsible use of AI in the Public Sector. These governance processes include a bounded-consultation design principle, which means that AI tools assist rather than replace professional judgment.

This was followed by a short discussion on the types of AI tools in use by Revenue and the policies in place around the use of such tools.

Item 3 – Discussion with representative from Revenue's Large Corporates Division (LCD).

The LCD representative opened by explaining that LCD is responsible for the customer service and compliance function of the largest corporate businesses in the State.

To put this work into context, net corporation receipts from large corporates amounted to €28.4bn in 2025. This equates to circa 86% of the total net CT receipts.

Since their last time presenting to this group, there have been some case base changes:

1. The entry criteria for LCD increased to a group turnover of €350m and the group tax threshold removed (previously groups turnover of €190m and group tax of €18m). Some sectors will continue to remain in LCD even though they don't meet the entry threshold criteria, such as, tobacco companies and REITs.
2. Aligned to the new entry level, there are case base movements from LCD to Medium Enterprises Division/Business Division. As a result, certain Co-operative Compliance Framework (CCF) cases will need to leave the Framework. Case managers will liaise with each of the CCF groups in question and manage the transitionary process. There is not a large number of cases impacted.

The LCD representative noted that the LCD case base is managed on a sectoral basis and from a whole case management perspective.

There are seven sectoral Branches, being:-

1. Alcohol Tobacco & Multiples
2. Motors, Oil & Transport
3. Life Sciences
4. Natural Resources, Food & Leisure
5. Property, Construction & General Management
6. Information, Communications & Technology (ICT) 1
7. Information, Communications & Technology (ICT) 2

In addition to the seven sectoral branches there are also five support Branches: being -

1. Two Transfer Pricing support branches
2. E-Audit, Customs & PREM
3. Pillar Two Implementation team
4. Customer Service Branch; and
5. Divisional Office

The Co-Operative Compliance Framework (CCF) is offered to LCD corporates who meet the criteria to be in LCD – i.e. Turnover >€.350m.

There are currently 339 Groups in LCD. Of this number there are 89 are in CCF. This equates to a participation percentage of 26%. This percentage is similar to last year's CCF participation level.

To note, CCF participants, contributed almost 65% to the 2025 net CT receipts.

Preparation for VAT modernisation (VMOD) has commenced for corporates in LCD.

LCD corporates will be included in Phase 1 for VMOD which comes into effect from November 2028. Revenue issued a press release on 10 February 2026 confirming that VAT registered businesses whose tax affairs are managed by Large Corporates Division in Revenue, that are established or have a permanent establishment in Ireland, will be mandated from 1 November 2028 to issue eInvoices and report transactions.

It was noted that 'Prompt to Action' letters issued in April and that the underlying eInvoicing legislation is currently progressing. It was also noted that some CCF companies have invited VMOD team representatives to attend the Annual Risk Review meeting.

The discussion turned to Pillar II with a summary of the 2026 deadline dates provided. It was noted that Revenue is currently engaged in supporting companies by assisting companies with ensuring that registration data and group data is correct.

As this sub-group is primarily concerned with Audit and other Level 2 intervention topics, a brief overview of some of the areas of focus for each of the sectoral Branches was noted.

The LCD representative noted that these focus areas would also have been outlined in October 2025 as part of the AITI LCD Joint meeting. This is a non-exhaustive listing:

- ICT1/ICT2/Life Sciences: examination s291A claims.
- Natural Resources, Food & Leisure: VAT L2 interventions, ERR data, VAT focus on VAT rates in the food production space.
- ICT1/ICT2: R&D tax credits, foreign income streams, foreign tax credits. VAT on the telecommunication sectors, OSS and IOSS.
- Motor Oils & Transport/Alcohol, Tobacco & Multiples: excise compliance.
- Motor Oils & Transport: losses, capital allowances, iXBRL, 46G.
- Property Construction & General Management: PREM: ERR data and the payment of country money.

The discussion turned to the use of AI in LCD at present. The LCD representative noted the ICT1 Branch utilises the Rev Assist SDLC[1] AI tool in support of both case appraisal and case working activities. As deployment of the tool remains at an early stage, a parallel-type approach has been adopted, whereby outputs generated by the tool are run simultaneously alongside traditional manual methods, enabling staff to compare results and build confidence in the tool's reliability over time.

The Branch is committed to ensuring that all use of the tool is conducted exclusively through the Revenue-approved interface, and that engagement with AI-generated material is fully governed by the specific internal branch governance procedure developed for this purpose.

Practitioners thanked the LCD representative for her presentation.

[1] SDLC stands for Software Development Life Cycle. This tool is to be renamed RevAssist Advanced Chat

Item 4 – Discussion on updates to the Code of Practice for Revenue Compliance Interventions. To include discussion on update on Revenue's consideration of initial ITI suggestions.

Revenue confirmed that work is still ongoing in relation to the updates and that the suggestions received from the ITI will be taken into consideration as part of that work. When asked, practitioners confirmed that they did not have any observations or comments in relation to the ITI suggestions at this time.

Revenue noted that it is planned that the revised version of the Code will be published in the form of a Tax and Duty Manual.

Revenue stated that, at the moment, it is not possible to provide a timeline of when work on the updates will be completed but they should be in a position to provide an indicative timeline at the next meeting of the sub-group.

Item 5 – Update on late filing surcharge query.

Revenue referred to the original query which was detailed in Note 2 of the supplementary notes to the agenda. This relates to the application of the late filing surcharge in instances where no tax-geared penalty arises on a tax underpayment, specifically in cases of innocent error, technical adjustment and self-correction without penalty. Revenue clarified the position, as follows:

<u>Innocent error and technical adjustment</u>: The late filing surcharge under section 1084(1)(b)(i)(I) TCA 1997 for the filing, on time, of an incorrect Income Tax, Corporation Tax or Capital Gains Tax return does not apply in cases of innocent error or technical adjustment, because the behaviour is not careless or deliberate.

<u>Self-correction without penalty</u>: Self-correction without penalty is provided for in Section 2.2 of the Code. If the case meets the criteria for self correction without penalty, a late filing surcharge under section 1084(1)(b)(i)(I) TCA'97 will not be applied for the filing, on time, of an incorrect Income Tax, Corporation Tax or Capital Gains Tax return.

Revenue noted its intention to include this clarification in the updates to the Code.

Item 6 – Tax and Duty Manual 46-01-02 Requests for clearance in death cases: update on possible meeting on the Final Draft updated TDM.

Revenue enquired as to the rationale for the request for a separate meeting on the TDM and asked whether the queries could be dealt with at a meeting of the sub-group.

Practitioners noted that, because a meeting of the group has not been held in the last number of years, a separate meeting to discuss the administrative obstacles encountered by practitioners and taxpayers would be really helpful. It would also provide an opportunity to discuss matters with Revenue staff who are dealing with these issues at an operational level.

Revenue confirmed that they will look into setting up a standalone meeting to deal with these issues.

Item 7 – Tax and Duty Manual 45-01-05 Requests for Clearance – Disposal of land and buildings by non-resident vendors:

7.1 Application of S 1035 TCA 1997

The queries submitted in advance of the meeting were detailed in Note 3 of the supplementary notes to the agenda.

Revenue provided a summary of the response that issued to the queries that were raised after the March meeting, as follows:

- Section 1034 TCA 1997 has broader application than section 1035, in that it applies whether or not the representative has receipt of the profits/gains, whereas section 1035 applies in respect of profits or gains arising through or from the representative.
- The clearance process set out in the TDM was introduced to deal specifically with situations where, by virtue of sections 1034 and 1043 TCA 1997, a non-resident person is assessable and chargeable to CGT in the name of any representative located in the State in respect of a disposal of land and/or buildings in the State.
- So, in a situation where section 1035 applies, it would fall outside the automatic clearance process and therefore must be dealt with on a case-by-case basis.

Revenue responded to the additional queries raised in advance of this meeting, as follows:

1. **Can we confirm that Revenue agrees that a standard conveyancing transaction (where sales proceeds may be received into a solicitor's client account) does not include a factorship, agency, receivership, branch or management for the purposes of Section 1035?**

   Revenue cannot confirm that section 1035 would not apply to any conveyancing transaction because it would need to know the facts and circumstances of the case.

2. **Can Revenue confirm the circumstances where they consider that Section 1035 applies and can Revenue provide some examples?**

Revenue does not have examples, but section 1035 applies where a non-resident person earns profits or gains in the State through or from any agency, partnership, etc. but it is subject to the relieving provisions of section 1035A which means that it does not apply where the representative is an independent authorised agent who is an investment or asset manager resident in the State.

3. **Where there is a possibility that Section 1035 arises, what steps are solicitors advised to take if the LONA process does not address potential liability under S1035?**

   Section 1035 is outside the scope of automatic clearance. While the solicitor cannot avail of deemed clearance they can contact Revenue on a case-by-case basis which might include the submission of a Form RTS1A if required.

7.2 Solicitors acting for joint owners where one is resident and the other is non-resident.

The queries submitted in advance of this meeting were detailed in Note 4 of the supplementary notes to the agenda.

The question on joint ownership relates to situations where one of the joint owners is resident and the other is non-resident and three examples were provided. These were dealt with together. Revenue provided a brief summary of the clearance process:

- The representative makes a submission about the intended distribution of sales proceeds to the non-resident vendor. (This is reflected In the TDM (page 4):
  "When a representative makes a complete and accurate submission to Revenue (in accordance with section 3 below) about the intended distribution of the sales proceeds to the non-resident vendor, Revenue undertakes to reply within 35 working days in two scenarios:…".

- If Revenue does not make contact either to request more information or initiate an intervention within 35 working days, then deemed clearance applies.

- This means that the representative is considered to have fulfilled their obligations under section 1034/1043 TCA and a secondary liability will not apply.

In the scenarios provided, the secondary liability risk under sections 1034/1043 relate to the non-resident vendor's CGT liability only and the resident vendor's share of the proceeds is outside the scope of the automatic clearance process.

The answer to the question is that there is nothing within this TDM or this Clearance Process that prevents the solicitor from distributing the resident vendor's share of the proceeds.

Practitioners indicated that they were satisfied with the response provided.

In relation to the responses provided by Revenue in relation to section 1035-related queries, practitioners asked Revenue to confirm whether section 1035 applies in standard conveying transactions.
Revenue said that whether section 1035 applies to a particular transaction depends on the specific facts and circumstances of each case. If practitioners have a genuine doubt as to whether the section applies in a particular case, they can seek clarification via the Revenue Technical Service (RTS). Practitioners asked if Revenue could provide examples of cases where section 1035 TCA 1997 applies. Revenue said that if practitioners could provide examples of cases where they had a doubt or uncertainty as whether section 1035 applies, they could then give consideration to the matter. However, practitioners were unable to provide any such examples. Revenue said that they did not have examples of such cases, but would contact RLS to see if they have plans to issue guidance on the application of the section.

Item 8 – AOB.

The ITI raised a number of issues in relation to Karshan-related disclosures.

1. Lack of credit for 2025 preliminary Income Tax.

Practitioners noted in a small number of instances Revenue is not allowing the offset of paid 2025 preliminary income tax and concluding that a credit for 2025 preliminary income tax is only available where a 2025 income tax return was filed by 30 January 2026. Revenue guidance on the disclosure initiative did not specify that this was a condition of the agreement to obtain credit.

2. Employee PRSI records

As per the guidance, the employee PRSI records should not be updated until the disclosure has been accepted. In some cases, this is impacting on social welfare entitlements. Practitioners agreed to provide details of the numbers of individuals where social welfare entitlements are being impacted due to the PRSI records not being updated. Depending on the numbers, it might be possible to liaise with the caseworkers in relation to these.

3. Practitioners noted a potential issue where the wording in some letters is not necessarily consistent with the guidance in relation to the blended rate.

Per the letters, there does not appear to be a refund of the differential rate available to the individual. For those on the higher rate of tax, the employer is only receiving a refund of the blended rate, which doesn't seem to be aligned with the guidance. Practitioners to provide details of the wording of the letters that appear to be inconsistent with the guidance in relation to the blended rate.

Revenue confirmed that on receipt of the above details, it would consult with the operational areas and provide a formal response to the queries.

The next meeting is scheduled to take place on Wednesday, 16 September 2026 at 10:00am.

Submitted for approval by Secretary

Approved by TALC Audit Sub-Committee