

Minutes of TALC Sub-committee on Collection issues

Date: 22 February 2022

Via Microsoft Teams

Agenda Item 1: Minutes of meeting held on 25 November 2021 and matters arising

The minutes were approved and finalised in advance of the meeting.

Agenda Item 2: CAT Refunds

The Law Society opened the discussion noting the issue of Revenue being unable to issue refunds to solicitors in inheritance cases is a significant problem, particularly in instances where a taxpayer cannot cash a cheque or does not have a bank account.

Revenue noted that refunds may issue to solicitors in very limited circumstances, but this is not the wider practice and Revenue do not intend changing this policy. However, in exceptional circumstances where there is good reason for doing so (subject to advance agreement with the relevant solicitor and the Revenue' CAT Unit via MyEnquiries), Revenue may issue refunds to the relevant solicitor's client account.

Agenda Item 3: Non-Resident Landlords

Practitioners sought guidance on whether Revenue will be including a validation check in the ROS Form 11 for 2021 (similar to 2020) to cater for situations where non-resident landlords did not appoint a collection agent, or their tenants did not withhold tax from rents during 2021. This workaround was introduced for the 2020 tax year to enable taxpayers file their income tax returns.

Revenue acknowledged and accepted that while the legislation is clear in this area, individuals had not been applying the legislation properly for several years and this could not continue. Revenue's view is that there has been sufficient time for taxpayers to apply the rules correctly and therefore were hesitant to apply the workaround to 2021 ROS Form 11s.

Practitioners said that the renewed approach was communicated after the start of 2021 when the 2020 tax returns were being prepared and filed. Therefore, in many cases rental income for the 2021 tax year will already have been collected by non-resident landlords. Practitioners asked Revenue to consider these cases and the issues they will face in filing income tax returns given that tenants may not have been reminded of their withholding obligations until late in 2021 (or a collection agent appointed).

Revenue noted that the legislation is clear and the withholding and other obligations should be known and applied. Revenue is not amenable to applying the same workaround for 2021 returns and said that for cases facing difficulties, contact should be made with Revenue. While Revenue accepted that many non-resident landlords may not have been aware of the strict legislative position until late 2021, they do not want a scenario where the workaround becomes a legacy option for taxpayers particularly given the legislation has been around for a long time.

Practitioners acknowledged that practices have developed outside the current realms of this legislation and highlighted scenarios where family members become de facto collection agents due to sons/daughters/others moving abroad. Practitioners requested communications by eBrief, website etc to make Revenue's position clear and advise taxpayers of the requirements given the variety of taxpayers affected and that the legislative position not been strictly applied by Revenue up to now. Revenue agreed to refresh its guidance on its website, perhaps by way of an eBrief to which practitioners could direct their clients.

Agenda Item 4: Issue re: Directors Emoluments triggering Revenue contact

Practitioners noted that several agents were receiving enquiries and amended assessments from Revenue where directors' emoluments per the Form CT1 did not tie in with payroll records, despite the fact that differences often arise.

CCAB-I agreed to provide examples of cases. Revenue noted that customer service managers have been made aware of the content of the recent TDMs.

Revenue enquired if this was recent as Revenue had dealt with earlier examples. Practitioners to provide recent examples to Revenue.

ITI noted feedback received on the director's remuneration panel in the Form 11 which ITI was reviewing and would forward to Revenue for consideration.

ACTION POINTS

CCAB-I to provide Revenue with specific instances of amended assessments arising from differences in directors' emoluments per Form CT1 and payroll record.

Agenda Item 5: iXBRL and CRO filing deadline change

Practitioners queried whether there was merit in moving the 23 December filing deadline for iXBRL in line with changes to the CRO filing deadline, given that the filing date for Annual Returns for many companies is now 25 November. Revenue noted that this would be a large undertaking on their behalf, particularly in terms of allocating IT resources and would be reluctant to move the deadline. Revenue suggested that practitioners submit a business case to Revenue for consideration.

ACTION POINTS

CCAB-I to consider the merit in submitting a business case to Revenue regarding the extension of the current 23 December iXBRL filing deadline.

Agenda Item 6: DWT Real Time Reporting – update

Revenue confirmed that the introduction of DWT Real Time Reporting was not imminent and would provide this forum with an update when an introduction date is known.

Agenda Item 7: Warehousing of Debt

Revenue updated the forum that it will issue correspondence to taxpayers availing of debt warehousing over the coming weeks. The texts of the letters are being drafted at present.

Practitioners queried the detail that will be included in the correspondence with taxpayers. Revenue confirmed that the letters will quantify the tax liabilities which have been warehoused for those who have all returns filed. For those with outstanding returns the letters will list any outstanding returns which must be filed to quantify the total warehoused debt and benefit fully from the scheme. The letters will also advise those businesses who qualify for the extension of Period 1 to 30 April 2022 announced by the Government in December 2021.

Practitioners made representations to Revenue about the difficulties agents and taxpayers have been experiencing in establishing what debts are warehoused and to what period(s) the debt(s) relate.

Revenue advised that the current ROS screens allows customers/agents to establish what periods are filed, paid, due, or not filed. The debt warehouse letters, where all returns are filed, will provide the details of the debt currently parked in the warehouse broken down by tax, amounts warehoused and period. Where returns are outstanding, the letters will identify the tax and period that require filing before the warehoused debt can be quantified.

Period 1 ended on 31 December 2021 for the majority of businesses in the Debt Warehousing Scheme. Period 2 began on 1 January 2022 and will end on 31 December 2022. Certain businesses can avail of an extension to Period 1 until 30 April 2022. Period 2 for these businesses will begin on 1 May 2022 and end on 30 April 2023.

Revenue noted that taxpayers must engage with Revenue before Period 2 ends to outline their plans to pay the warehoused debt. Interest at a rate of 3 percent will apply to debt during Period 3 until the debt is paid off.

Revenue noted that blanket write-offs of warehoused debt will not be considered although Revenue confirmed that they would take a flexible and pragmatic approach to payment arrangements to enable taxpayers to pay the debt due. Revenue noted that early engagement is the best option to identify the most suitable payment arrangement for repayment of the warehoused debt. For taxpayers seriously struggling, options such as the appointment of an insolvency practitioner or use of the new Small Companies Administrative Rescue Process (SCARP) may be appropriate in such situations. under SARP and other avenues.

For taxpayers who currently wish to make payments in relation to warehoused debts, Revenue advised that they could make such payments via 'RevPay'. Revenue is in the process of enhancing the Phased Payment Arrangement (PPA) facility to enable a structured arrangement for the payment of warehoused debts. This facility should be available in May and will allow warehoused and non-warehoused debt to be included in a single PPA.

Agenda Item 8: COVID-19 Measures (CRSS/BRSS)

Revenue noted that both schemes are now in 'wind-down mode'.

The legislation underpinning the changes is imminent and this will be set out in a Spring Finance Bill which is expected in mid-March.

Agenda Item 9: EWSS – Examination of Claims and Delays

Practitioners reported Revenue are in some cases taking a substantial length of time to respond in cases where EWSS claims are being examined despite the taxpayer adhering to the 7-day turnaround period. Revenue requested specific examples.

ACTION POINTS

CCAB-I to provide Revenue with examples of delays in determining claims for EWSS.

Agenda Item 10: Local Property Tax Update

Revenue noted that LPT returns had been filed in respect of 1.4 million properties. Currently there are queries on hand in respect of some 40,000 properties.

Revenue reported an 81% compliance rate. There are payment arrangements in place for some 190,000 properties. If these are factored in, compliance rises to 91%.

Revenue noted that over 180,000 are property owners who have paid LPT for 2022, or have payment arrangements in place for 2022, have not yet submitted their LPT Return which was due by 10 November 2021. Many of these property owners do not realise that they have not met their LPT obligations.

Revenue noted that Revenue's property valuations were largely in line with CSO and daft.ie valuations. There were only four areas where the valuations used by Revenue were outside these ranges. The results of these valuation reviews have been published.

Agenda Item 11: Debt Management Services

Revenue noted an incremental return to full compliance. Presently compliance interventions are focused on a sector-by-sector basis and any changes to this approach will be carefully monitored.

Agenda Item 12: ROS

Revenue noted that the 2021 ROS Form 11 has been released and eBrief 029/22 relates. As usual, mid-year updates will take place to the ROS Form 11 and Revenue expect that the final version of the 2021 ROS Form 11 will be released in May.

Revenue is hopeful that details contained within Form 8-3 (returns of rental income filed by letting agents and managers, including internet intermediaries of premises) will be pre-populated in the updated 2021 ROS Form 11.

Revenue noted that paper Form 11 is being updated and the final version will be available in the coming weeks.

The 2021 Form 1 Trusts and Estates has been available since January, and it is expected that the Form CT1 will be released in March.

Revenue noted that a TAIN in subject lines of ROS email correspondence was implemented in mid-February.

In April, Revenue is commencing an eRCT Bulk Rate Review (BRR) of subcontractors dealt with by the Business Division. This is the first BRR of this group of subcontractors since September 2019. Revenue advised it will undertake a preliminary review to identify subcontractors whose RCT rate could potentially increase following the BRR. Once identified, Revenue will correspond with these subcontractors in advance of the BRR to enable such persons address any outstanding compliance obligations in advance of the BRR.

Revenue also noted it is looking to change its approach to BRR going forward. This will involve more frequent reviews. Revenue will stagger reviews across the year to facilitate this new approach. Practitioners should expect this new strategy to commence in the latter half of 2022.

Agenda Item 13: PAYE

Revenue provided an update on PAYE returns filed since 1/1/2022. 503,000 customer returns were filed in respect of 2021 and 140,000 reviews of tax years 2018-2020 were also received. The majority of such returns were processed within 3-5 working days, with Revenue noting the peak processing period appears to have passed. Some €3 million in refunds were issued in total to taxpayers.

Agenda Item 14: Reporting on subgroups – MyEnquiries/iXBRL

Revenue noted that the minutes from the MyEnquiries sub-group meeting which took place on 16 February have issued. Revenue noted that a workplan for 2022 has been agreed with Practitioners and focus areas include improving the 20-day turnaround period.

In summary, file size upload limitations with MyEnquiries as well as the statistics in relation to eCG50 filings were discussed.

Agenda Item 15: VAT RTD

ITI sought scope to re-engage with Revenue on ways to assist VAT RTD compliance and queried whether Revenue is looking at fundamental changes to VAT returns generally. Revenue noted they will consult with Practitioners in due course on proposed updates to the VAT return system.

Revenue confirmed that a new TDM on VAT Return of Trading Details (RTD) is being developed. Revenue noted that during the pandemic, the filing of VAT RTDs should not impact the processing of refunds.

Practitioners noted that pre-COVID, refunds were impacted by the late or non-filing of VAT RTDs. Revenue noted that there are no immediate plans to delay repayments because of an outstanding VAT RTD.

Agenda Item 16: eCG50

The ITI provided feedback (summarised below) on the eCG50 system, noting most was positive. However, some key issues were identified which are summarised below:

- **Contract for Sale** – When uploading the contract for sale, the file is often too large to upload. The file may need to be split into multiple separate documents. Revenue noted that the 10MB file limit is set to ensure that bandwidth is not overloaded. This can trigger ROS time-out which Revenue would like to avoid
- **Date of Disposal** – When entering the date of disposal, this can only be a maximum of two months in advance which can cause issues as in many cases the date of disposal is not known, and it would be helpful if the date of disposal field could be extended. Revenue queried the time-limit practitioners would require noting that If clearance is sought, the sale should be close to agreement. Revenue's view is that the two-month time-limit seemed adequate with Practitioners noting that it was in the majority of cases. Practitioners requested some flexibility around the two month time limit but would revert with specific requirements.
- **Including a date of disposal for a future date is not possible.** Practitioners noted that this can occur due to commercial delays and issues arising as contracts are finalised. Revenue advised that they could tick the unsigned contract option and there is an option for the advisor to revert with the signed contract later.
- **Change to date of disposal.** Practitioners noted that when the date of disposal changes, a new application must be submitted. Revenue agreed to consider updating its TDM to clarify that a CG50 certificate issued is valid for a certain period before and after the date of disposal, for example within two weeks. This would prevent the need for practitioners to keep going back to Revenue to request updated certificates. Revenue agreed to consider this point.
- **Irish Resident Vendors and delays with receiving the certificate** – Practitioners noted that the application shows as approved on ROS following the application, however, the CG50A does not issue until the following working day. Revenue noted that it is not possible to issue a same day certificate as the system needs to update overnight.
- **Issues with typos on the certificates** – Practitioners have experienced instances where there have been typos in the names of entities and addresses on the certificate despite the application not having any typos. Revenue confirmed that the details for the first vendor is taken from the Revenue record. The first vendor is the only vendor that is matched. If the first vendor has a typo, this is taken from Revenue's central system and is simply a validation check. If there is a typo, the vendor can get this fixed, clearance can then be issued with an update. Any typos to subsequent vendors are input issues, rather than Revenue system issues. Revenue will include wording in the TDM that a minor typo on the CG50 will not invalidate CG50.
- **Change to consideration** – Practitioners sought confirmation from Revenue that minor movements in the consideration either upwards or downwards should not result in a need to make a new application. Revenue noted its reluctance to give guidance on this point, given that it could lead to significant ambiguity around the definition of 'minor' in particular. Practitioners noted that in larger transactions, figures used during negotiations are typically draft. Revenue noted the legislation is clear and in scenarios where consideration bridged the limits, it could become complex. Further, if a percentage basis is applied, it can create significant administrative issues. Practitioners noted commercial negotiations can centre around balance sheet values and these are often variable right up to date of finalisation. Therefore, consideration is variable up to date of closing. Revenue agreed to consider on receipt of examples from ITI.
- **Text limits in form fields** – Practitioners noted that presently, the text limit in certain eCG50 application form fields are insufficient to capture the entirety of the vendor's name, purchaser name or address of the property, creating uncertainty for vendors, purchasers, and their advisors as to whether abbreviated details are acceptable. Revenue agreed to update guidance as to what level

of address information would be sufficient to validate the CG50 and the TDM should make clear that a CG50 would not be invalidated due to text limits.

- **Non-resident registrations** – Revenue will update its guidance to clarify that non-residents with an income tax only tax registration will not be able to apply for the CG50A until they register for CGT.
- **Non-Resident Tax Registration** - Presently agents must be linked to the CGT tax head on ROS to submit an eCG50 application. This applies even where the disposal should not be subject to CGT, but rather corporation tax on chargeable gains. For many corporate taxpayers, this necessitates registering for CGT on ROS in the first instance, with agents then required to link themselves to this tax head once registration is complete. Revenue confirmed that agents linked to corporation tax for a corporate taxpayer will need to link for CGT to submit an ECG50 application.
- **Interaction with Form TR2** – In certain cases, practitioners must submit paper applications (via MyEnquiries) for CG50s for newly incorporated Irish companies as the companies were registered for taxes via a TR2, which does not have the option of ticking a CGT registration/agent link. Revenue noted it would assume most registrations are now online. Revenue require clarity on whether there is a significant amount of paper registrations such that it would be a good use of Revenue resources to consider. Practitioners noted that non-resident vendors require paper returns. Revenue acknowledged this problem. Practitioners asked that eRegistration be updated to enable a non-resident director register. Revenue noted a workaround is available presently.
- **Information requests** – Practitioners noted that in the case of paper applications, some of the requests from Revenue are burdensome and provided an example. Revenue noted more than 80% of CG50 applications are automatically issued. The requests arise in the complex cases. There is a small number where there are information requests. Revenue asked for specific cases to consider.
- **Status of application** – Practitioners queried whether there could be some ability to see the status of applications for agents, particularly in some instances, where a follow up directly with Revenue was required to get the application past the pending status. Revenue noted the bulk of applications are issued automatically. The customer service team review status updates on an ongoing basis and regularly statistically analyse the status of applications.
- **Facility to provide responses to requests for further information** – Where requests for further information, such as a Form CG1, are made by Revenue, Practitioners noted that it would be helpful if there was a comment box (or something similar) on the online system for practitioners to respond to these kinds of requests. Revenue noted that they will continue using MyEnquiries.
- **Uncertainty on when CG50 is required** – Practitioners cited cases of a purchaser insisting upon a CG50 while a vendor might resist and sought guidance from Revenue in these instances. Revenue noted the legislation is set and the limits are clear. If more information/awareness is required, this can be considered. Revenue requires specific examples. ITI will provide.

The Law Society raised a point on solicitors undertaking to provide a signed contract within two weeks. A solicitor can only provide a signed contract if: (i) the contract has been signed, or (ii) the solicitor has a copy of the signed contract. The Law Society agreed to suggest amendments to the wording in the TDM regarding solicitors' undertakings for the Revenue to consider.

ACTION POINTS

- ITI to provide examples where consideration changed from time clearance is sought and contracts finalised.
- Revenue to update guidance regarding text fields and address lengths.
- Revenue to update guidance on non-resident corporate vendors.
- ITI to provide clear examples where legislation not clear on when a CG50 is required.
- Law Society to suggest amendments to the wording in the TDM re solicitors undertakings for Revenue to consider.

Agenda Item 17: ePSWT

Difficulties raised previously by Practitioners on the allocation of PSWT withheld in the medical sector where the treating doctor is employed by a practice or is one partner in a partnership that is assessable on the GMS income were noted. By way of background, issues include practice visibility on tax withheld in relation to practice income as the credit is visible on MyAccount to the treating doctor only and inability to claim the PSWT credit against practice income according to the partnership arrangement. Practitioners queried whether Revenue had an update on the matter.

Revenue noted that they were aware of 1,000 cases impacted with this issue. Revenue also noted that they have met with the HSE who reiterated their stance that the GMS contract sits with the treating doctor; rather than the practice.

Revenue also noted the recent TAC determination (01TACD2022) which demonstrated the GMS contract followed the treating doctor, copper-fastening the HSE's viewpoint.

Revenue noted that they are considering any work around but noted the TAC determination. At the moment, Revenue does not have a solution but is considering it presently and welcomes view from Practitioners (noting CCAB-I had already made a submission on the matter last year).

Practitioners raised the possibility of the Form 12 being used to alleviate the problem. Many of the affected doctors are employees albeit with GMS contracts in their own name. Practitioners also noted the review that took place some ten years ago around whether locums were self-employed or employees.

The Law Society confirmed that they were not aware of a similar issue of PSWT credits impacting the legal profession.

ACTION POINTS

Revenue to consider proposed workaround and Practitioners are invited to submit proposed solutions.

Agenda Item 18: Expiration of Tax clearance certificates

Practitioners noted there is no communication from Revenue when Tax Clearance Certificates are due to expire (particularly in the case of TCC that are valid for 1 -year where Covid supports are accessed for example) and queried whether there could be a communication in advance of TCC's expiring.

Revenue noted that when a TCC is issued to a taxpayer, it outlines how long the application is valid for (1 year or 4 years depending on the reason for the tax clearance). Where a TCC expires, and, given that the periods are standard, it should be possible for the taxpayers/agents to track the expiry date themselves. Given there are significant IT updates going on generally, it would not be possible to get a TCC system update prioritised at this stage.

Agenda Item 19: AOB

- Revenue clarified that when customers are working with ROS online, ROS updates should not impact the ability of this work to save.
- In relation to C&E weekly printouts for imports, traders have access to these printouts through ROS. Practitioners requested that agents also obtain access and Revenue agreed to look into this.
- ITI asked if there is a marker available on ROS to identify intra-EU VAT registrations. Revenue agreed to review this.
- Revenue noted fax numbers are becoming obsolete. Fax numbers will be removed from TDMs in the coming months.

In attendance:

CCAB-I

Gerry Higgins (Chair)

Carla Manning

Cróna Clohisey

Gearóid O'Sullivan (Minutes Coordinator)

Law Society

Deirdre Barnicle

ITI

Lorraine Sheegar

Mary Healy

Andrew Thompson

Paul Wallace

Revenue

Joe Howley

Maura Conneely

Lucy Mulqueen

Geraldine Hegarty

Aidan Hastings

M Bradshaw

Sinead McNamara