

# Minutes of TALC Sub-committee on Collection issues

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Date: 7 September 2021

Via Zoom

## Agenda Item 1: Minutes of meeting held on 22 June 2021 and matters arising

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

An update was provided on a number of matters arising from the last meeting:

- An issue raised where the eCG50 defaulted to a “1 January 1970” date of contract in certain circumstances appears to have been resolved.
- Revenue updated the ROS Form 11 Tax and Duty Manual to include the workaround to enable Form 11 for 2020 to be filed for non-resident landlords.
- Case examples of instances where it appeared demands for payment of the balance of income tax issued when the preliminary tax obligations had been met have been examined. In one case it appeared that preliminary tax had been underpaid but Revenue would revert directly offline on the examples raised.
- Other matters arising have been included as items covered in the meeting agenda.

## Agenda Item 2: Warehousing of Debt

Discussed as part of Item 4.

## Agenda Item 3: COVID-19 measures

### New Business Resumption Support Scheme (BRSS)

Registrations for BRSS opened on 6 September and Revenue issued a press release on the scheme. 37 BRSS applications had been received so far. Questions received to date in relation to the “reference turnover period” and the related criteria are addressed in the BRSS Guidelines. In handling registrations where information is omitted, Revenue will not automatically refuse the application until they have contacted the applicants. However, Revenue noted the importance of ensuring all fields are complete. To date, applications have only been submitted in relation to single trades.

BRSS applications are worked on a timely basis so that an eligible business can be registered for the scheme within 3-days with a confirmation from Revenue when the registration is completed, and a claim can then be submitted.

In response to queries, Revenue clarified that a business cannot claim the BRSS if claiming the CRSS for the week commencing 1 September. Therefore, businesses who have not yet been permitted to reopen will never be eligible for BRSS as they must be actively trading on 1 September 2021 to qualify for the scheme. Under the legislation, the CRSS remains in place up to 31 December 2021. Businesses that continue to meet the eligibility criteria for CRSS will be able to claim the CRSS up to that date.

Practitioners raised the scope for pre-population of the BRSS registration from information previously provided to Revenue to minimise duplication and queried why businesses have to provide details for all businesses/trades, even those not eligible for the BRSS. Revenue confirmed information in relation to all the business trades is needed for the checks Revenue conducts to establish a business’s eligibility. The type of information to be provided and scheme-specific criteria limits scope for Revenue to pre-populate information in the normal manner and e.g. from Form 11, CT1, VAT3. However, at the claim stage the bank accounts and weekly turnover from CRSS may be pre-populated (and can be over-written by the taxpayer, if necessary).

### Covid Restrictions Support Scheme (CRSS)

The number of taxpayers registered for the CRSS has reduced to 3,400 currently, and further declines are expected. CRSS claimants should be conscious of the timeline to submit a “restart week” claim as a strict 8 week timeframe applies. Therefore, business that were eligible to reopen from 26 July 2021 will need to make a claim for the CRSS restart week payment by Monday, 20 September 2021.

### Employment Wage Subsidy Scheme (EWSS)

Approximately 8,000 employers who are active claimants of the EWSS have not yet filed the required EWSS Eligibility Review Forms (ERFs) for June and July. Payments of EWSS to these employers have now been paused. Revenue contacted these employers to inform them that payments would be paused, if their ERFs remained outstanding. The payments will be reinstated when the required ERFs are provided to Revenue and Revenue will process these cases quickly once the required forms have been provided.

Revenue will also be reassessing the tax clearance status of cases next week. Businesses availing of the EWSS and the CRSS that have returns outstanding have been contacted and advised that their eligibility for the schemes will be impacted if the outstanding returns are not submitted promptly by circa 14 September. Tax clearance is a critical condition to participation in the support schemes.

### Further Wage Support Deadlines

Practitioners requested that further deadlines in respect of the wage support schemes are not introduced over the coming months, given it is peak tax filing season.

## Agenda Item 4: Debt Management Services (DMS) update

### Revenue update

Debt Management has resumed and is ongoing with Revenue’s approach designed to best address the risk and a business’s ability to pay and the approach will be reviewed as the public health restrictions are completely lifted. Revenue is profiling debt cases and pre-Covid debt and where it is identified that an amount of debt is suitable for collection, Revenue will then apply its standard debt collection process. However, Revenue has increased the number of customer contacts before a case is referred to enforcement. Where a customer has not responded to the initial demand, Revenue will make a second customer contact. There has been no change to the “7-day final demand” notice, however, the case is reviewed, and a second contact is made with the customer before this final demand issues. Revenue is cognisant of the financial impact of the pandemic on many businesses as full trading resumes.

### Application of interest where PT underpaid due to section 997A

Practitioners requested clarity on the preliminary tax position for 2021 and application of interest, in circumstances where a proprietary director does not qualify for income tax debt warehousing but the PAYE has been warehoused by their employer. In particular, whether Revenue could accept the payment of preliminary tax as sufficient where the preliminary tax obligation would have been met, if section 997A did not apply. In addition, practitioners reiterated the need for clarity for taxpayers and agents who are filing Form 11 returns for directors impacted by section 997A who do not qualify for income tax warehousing. A clear process or procedure for dealing with such returns is needed.

Revenue considered few queries had been received directly to Revenue on this issue and the number of cases it impacts is unclear. However, practitioners noted the repeated requests the professional bodies are receiving seeking clarity on this topic and the urgency of the matter. Issues arising include whether the director must enter into a PPA and when this could start, the filing deadline where tax cannot be paid in full, the application of a late surcharge if the “paper” deadline of 31 October applies and the quantum of the surcharge (i.e. on income pre credit for PAYE deducted). Practitioners urged an early response on the process that should be followed and noted that the issue was tabled at Main TALC later that day.

Revenue agreed to examine the issues and provide a response to practitioners.

### Phased Payment Arrangement (PPA) – any new developments

Revenue confirmed there are no changes to the current PPA terms and conditions for example the duration, payment breaks etc and there are no plans to change the arrangements. Currently, separate PPAs must be entered into for warehoused and non-warehoused debt. However, Revenue will be working on a facility to allow businesses merge their warehoused and non-warehoused debt into one overall PPA in Q1 2022.

#### **ACTION POINT**

**Revenue to provide a response to practitioners on the proposed approach to cases where a company's PAYE is warehoused but the proprietary director does not qualify for income tax warehousing.**

### Agenda Item 5: ROS Issues

#### Update on eCG50 planned improvements

Revenue confirmed that the update to remove the details of an asset's original purchase cost from the clearance certificate went live last weekend.

#### Update on non-resident landlord's guidance stating money should be paid to the Collection Agents bank account

The committee discussed the merits of modernising tax administration for non-resident landlords to avoid duplication or confusion in the filing of tax returns and reflect the current environment. Revenue advised that legislative change would be necessary to introduce changes to the administration of tax compliance for this cohort of taxpayers. Revenue is not aware of any current legislative proposals to address the issue, but it had been raised with the Department of Finance in submissions by one of the professional bodies. While amendments to the regime as discussed are purely administrative in nature, any such requests would need to be addressed to the Department.

As regard the issue raised about Revenue's Manual indicating that the rent money should be paid to the Collections Agent's bank account (as opposed to the non-resident landlord), Revenue noted that the guidance is consistent with the legislation. If the tenant is not withholding/remitting tax at 20% a Collection Agent should be appointed and they are assessable to tax on the rental income.

#### Update on claiming R&D Tax Credit for Small and Micro companies

A field for the small and micro Research and Development (R&D) Tax Credit special rate of 30% was included in the corporation tax return Form CT1 for accounting years ending in 2021. However, the State Aid approval required to implement the measure is still awaited. Revenue confirmed that corporation tax returns which included a claim for the 30% rate will not be penalised, the current 25% R&D tax credit will apply.

#### Update on EII reflection of increase in relief on ROS Form 11

Revenue confirmed that the ROS Form 11 2020 has been amended to reflect the increased threshold for Employment Investment Incentive (EII) relief (of €250,000). The related Tax and Duty Manual is being updated and an eBrief is expected to issue also.

#### Scope to capture at source bonuses/fees paid to proprietary directors in one year but taxed in the previous year under the earnings basis

Practitioners noted the requirement to split out bonus/fees and related tax for proprietary directors where the payment is received and liable to PAYE in one year but assessed to tax in the prior year due to the application of the earnings basis and whether in the longer term there could be scope to ring-fence and pre-populate the figure from payroll into the Form 11 for the appropriate year. The primary concern being reducing manual entry of figures and the related likelihood risk of errors when entering the data.

Revenue considered that the scale of change to payroll software to capture such payments at source would be significant. Revenue has added additional fields on the ROS Form 11 to capture the relevant payment and tax for the appropriate year. While this requires manual entry, businesses should have this information. It mirrors what was required pre-Pmod when the P35 was adjusted to reflect payments earned in the prior year and the relevant tax deducted. Revenue had been examining pre-populating information entered on the 2019 return on the Form 11 but work on the COVID support scheme superseded such developments. Revenue intends to pre-populate information from the 2020 returns.

#### [Guidance on entering details of TWSS received in the extracts from account](#)

In response to a query as to whether the amount of TWSS received by an employer would need to be included in the Extracts from Accounts Revenue clarified that as the TWSS was a payment to employees (made via their employer) it would not need to be included in the Extracts from Account. Revenue Legislation Services (RLS) had provided a clarification which could be provided to the committee.

### **ACTION POINT**

**Revenue to circulate response from RLS on inclusion of TWSS in Extract from Accounts.**

#### **Agenda Item 6: PAYE**

##### [Introduction of Statutory Sick Pay from 2022 and interaction with payroll reporting](#)

A statutory sick pay scheme is being rolled out on a phased basis from 2022. Practitioners welcomed feedback on the plans for stakeholder engagement and timelines as there will be changes required to payroll software, reporting, ROS etc and there are concerns whether payroll can be updated and businesses/agents fully informed on the operation of the scheme in advance of its implementation. Revenue confirmed it has been engaging with the Department of Enterprise, Trade and Employment (DETE) and another call is scheduled next week. DETE are drafting and will be responsible for the legislation and its implementation. Revenue agreed to provide an update to practitioners on any developments from their meeting with DETE and note the issues raised. However, direct engagement with DETE would be the appropriate channel to raise any issues and concerns.

It was agreed that early stakeholder involvement would be crucial given the timeline for implementation is 2022.

##### [Update on request for concession relating to 53 weeks tax credits](#)

Revenue noted that it had received some requests to allow a week 53 tax credit by concession where an error was made in the operation of the payroll. However, Revenue has not granted a concession in any of these cases. Revenue considers that a concession is not possible given the terms of the legislation.

##### [COVID-PUP practical issues/advice regarding Week 1 basis](#)

Revenue is reviewing cases where a single taxpayer ceased their COVID-19 Pandemic Unemployment Payment (COVID-PUP) claim and were on a lower rate of the COVID-PUP, as they would have unused credits. Revenue is considering moving these taxpayers to the cumulative basis of taxation for the remainder of 2021. Similarly, Revenue is examining applying the cumulative basis to cases of married jointly assessed couples with a single earner in receipt of COVID-PUP who has ceased their claim.

In any other case, Revenue will examine individual requests to reinstate cumulative basis on a case-by case basis where it would be beneficial to the taxpayer. Revenue may not have full information in the absence of contact from the taxpayer and Revenue is adopting a conservative approach to avoid the taxpayer having an outstanding liability at year end.

Revenue will only consider putting the taxpayer on the cumulative basis where the COVID-PUP is ceased. Currently, claims must be ceased by mid-September at the latest before Revenue will review the basis of assessment. However, Revenue will be examining this cut-off point and Revenue hopes to have finalised its script by the first week of October to facilitate moving some taxpayers to the cumulative basis.

Revenue agreed that details of this development could be communicated with the members of the professional bodies, subject to clarifying the wording with Revenue.

Practitioners queried whether a public communication such as a website update or eBrief would issue to reflect the change, in particular, given the importance of identifying and applying the most recent Revenue Payroll Notifications (RPNs) that reflected the changes planned. Practitioners considered it helpful if Revenue inform the professional bodies prior to the release of a large number of revised RPN to enable agents/employers to ensure they draw down RPNs on the appropriate day, to apply the new cumulative basis to affected employees. Revenue agreed to consider this request.

#### SCSB based on normal salary or salary paid under TWSS

Practitioners had requested confirmation as to whether the Standard Capital Superannuation Benefit (SCSB) calculation could be based on their normal salary (per the employment contract) or must be based on the actual salary paid while the employer claimed the Temporary Wage Subsidy Scheme (TWSS). Revenue's position is that under the legislation tax relief is calculated on "normal" salaries and the position has to be consistent and equitable across taxpayers. Revenue will forward the clarification provided by RLS to practitioners.

#### Payroll Reporting for end of year

Revenue has been engaging with payroll software providers who are examining the development of functionality to provide meaningful data. Revenue queried whether some of the functionality sought by practitioners was available already within software packages and in some cases, advisers may find it useful to liaise with their software suppliers. Practitioners noted that the feedback received suggested the functionality sought was not available within the software packages.

#### **ACTION POINTS**

**Revenue to provide an update to practitioners from the meeting with the Department of Enterprise, Trade and Employment on the development of the sick pay scheme.**

**Revenue to circulate technical response from RLS on SCSB query.**

#### **Agenda Item 7: Reporting on subgroups – My Enquiries/iXBRL**

##### iXBRL

No update at this time.

##### MyEnquiries

The MyEnquiries subgroup met on 1 September. Practitioners and Revenue discussed the functionality within the service to address its perceived limitations when compared to standard email i.e. it cannot facilitate forwarding of enquiries. Revenue noted the group email functionality to facilitate teams within practices and the facility to export to pdf and email via standard email as a simple way to forward messages.

Communication of interventions initiated electronically would be appropriate for discussion at TALC Audit i.e. with the compliance policy team. Revenue noted the issue raised about the volume of material sent to the ROS inbox with a view to reducing the number of emails received and is examining the issue.

## Agenda Item 8: ePSWT

Practitioners reiterated the difficulties raised previously 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. 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. CCAB-I referred to the technical submission it made to Revenue on 7 September which considered that the legislation would permit PSWT withheld on a payment to an employed doctor to be allocated against the related GMS income of the practice. Revenue acknowledged receipt of the submission.

Revenue considered that these issues and their extent had not been surfaced in advance of the implementation of ePSWT. The GMS contract names the treating doctor(s) and therefore the ePSWT cert/credit issues in the name of the treating doctor and not the practice. Revenue is bound by the legislation which does not permit the credit to be allocated in the manner suggested, while some flexibility seems to have been applied in the paper-based system. Revenue is examining the scope of the issue, the risks it presents and must fully consider the matter before determining the appropriate approach. This could include a requirement for the employed doctor to complete a Form 11, even though this would be a significant change. As regards visibility of the credit withheld, doctors could pdf details of their credit from myAccount and provide it to the practice. However, the practice would not be entitled to claim this credit against their GMS income.

Practitioners noted a similar issue may arise for some legal firms with employed solicitors who provide legal aid where a payment is made in respect of an individual solicitor instead of the practice. Practitioners would provide feedback on the particular.

It was agreed to keep this item on the agenda.

### **ACTION POINT**

**Law Society to provide Revenue with feedback on issues arising due to the payment of legal aid by the Courts services for Revenue's examination.**

## Agenda Item 9: AOB

### Filing season

Practitioners requested an update on whether Revenue phone lines will be operating for full days over the deadline season, any anticipated capacity issues with ROS in the lead up to the deadline or planned enhancements to ROS to avert issues arising.

Revenue confirmed that currently the extended phone hours around the Pay and File deadline will apply only to the final 3 days in the lead up to the deadline. An eBrief on phonenumber hours will issue shortly. Call volumes on the phonenumber will be monitored to identify whether longer hours are required. Revenue encouraged early filing in advance of 17 November deadline due to the expected high volume of returns on the day of the deadline.

### Members Voluntary Liquidations

Practitioners queried whether delays were arising for tax clearance for Members Voluntary Liquidations, based on members' feedback. Revenue is not aware of issues around turnaround time and sought details of the cases in question. Practitioners noted the request for case specific feedback but the members were not in a position to share such details.

### Local Property Tax (LPT)

Practitioners queried Revenue's preparations and communications in respect of the recent changes to the LPT regime. Revenue is drafting the LPT guidance to finalise it within the next two weeks. Guidance on the valuation of property will include an online valuation tool. Bulk issue of LPT letters to property owners will commence at the end of September.

### Statement of Accounts

In response to practitioners' queries on the issue of statement of account, Revenue advised that such statements are issuing. Case details could be provided to Revenue where issues are arising.

### RCT Bulk Rate Reviews in September

An eRCT Bulk Rate Review (BRR) is scheduled for the weekend of 11/12 September on cases dealt with by Medium Enterprises Division (MED) and Large Corporates Division (LCD). This is the first BRR since September 2019.

Revenue is not running a BRR on sub-contractors dealt with by Business Division, at this point in time. Revenue intends to review the Business Division case-base closer to the end of the year and carry out some communications in advance to the cases that might be impacted by the BRR, to provide an opportunity for sub-contractors to address any outstanding compliance matters ahead of an actual rate change. Sub-contractors who are dealt with by Business Division can carry out a self-review on ROS to determine if they could avail of a lower deduction rate and apply that rate.

<b>Irish Tax Institute</b>	<b>Revenue</b>
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Ms Mary Healy	Ms Sinead Sweeney
Mr Paul Wallace	Mr Pat Murphy
Mr Andrew Thompson	Ms Geraldine Hegarty
Ms Lorraine Sheegar (Minutes Co-ordinator)	Ms Davena Lyons
	Ms Maureen Marray
<b>Law Society</b>	
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