

## Minutes of meeting of TALC Sub-committee on Collection issues

Date: 06 December 2018

Venue: Conference Room 1, Ground Floor, Blocks 8-10, Dublin Castle

### Approval of minutes of the meeting held 04 October 2018

The minutes were approved.

### Workplan

#### Debt Management Services

Revenue will give a presentation about this new service at the next TALC collections meeting. As discussed in previous meetings the current case management system will be replaced with the latest technology which will provide significantly enhanced capability and capacity. Revenue said that the work on this area is ongoing and they expect it to go live at the end of quarter one 2019.

Practitioners noted that as the case base increases it may be more appropriate to increase the notice period to 14 days. Revenue said that they will issue a demand in the first instance and then a second demand. If there are genuine reasons why a payment is late Revenue will work with those cases.

#### PAYE Modernisation Update (Revenue presentation)

Revenue gave an update on progress on PAYE Modernisation.

- The extension of the List of Employees is now closed. 110,000 employers submitted a list, covering 2.6 million employments.
- Old PPSN numbers with “W” at the end of the number caused difficulties in the testing phase and people who have W numbers will need a new PPSN or they could be on emergency tax in 2019.
- 2019 Revenue Payroll Notifications (RPNs) are available since 5 December.
- New USC regulations will issue Friday 7 December.
- LPT regulations were in the Home Building Finance Ireland Bill.
- The National Employer Helpdesk has been developed and scaled for the transition period.
- Revenue’s website will ‘flip’ over to the PAYE Modernisation site on 1 January 2019.
- There will be a new TDM from 2019 onwards which is due to issue mid December 2018.
- Revenue are advising employers to make sure the payroll software is ready, know their payroll processes and check their ROS digital certificates
- Revenue are advising agents to check that they are registered on ROS with the correct agent TAIN for all the clients they will be doing payroll on behalf of.
- Revenue noted that income is subject to PAYE on a receipts basis not an earned basis and are advising employers to look at misalignment of pay dates.
- In relation to directors, PAYE is applied when the director is paid as opposed to the Form 11 where directors report the income earned for the year.
- Revenue have been working with the Department of Social Protection so that they should know that employees will no longer receive a paper letter from Revenue to support a claim.

- A query arose in relation to; how prepared ROS is for large volumes of traffic on paydays. Revenue have tested this as if every employer uploaded their payroll on the same day and the average payroll processing time was 4 to 5 seconds. It was noted that organisations with 10,000 employees or more took a maximum of 6 minutes for the payroll to process. Revenue are happy they have tested ROS at scale for the introduction of PAYE Modernisation.

### **My Enquiries and related matters**

Practitioners noted delays in response times to some queries on MyEnquiries and also noted that there can be a lot of back and forth with MyEnquiries messages in order to close out on queries. Practitioners feel a dedicated agent telephone line needs to be put in place where a lot of issues could be resolved by way of one phone call.

Practitioners requested that Revenue consider the introduction of a dedicated agent telephone service, Revenue advised that this matter was dealt with at Main TALC on 1<sup>st</sup> May 2018. Revenue advised that the possibility of introducing an “agent-only” telephone service was examined and they have concluded that it is not a necessity at this time. This is due to the changes made to Business Taxes 1890 service including consistent opening hours and improved level of performance

An update to MyEnquiries was released at the end of November, which intends to speed up performance. Revenue will issue an updated Tax and Duty Manual outlining the updates.

A query arose whether under PAYE Modernisation it is possible to solve queries with Revenue personnel over the phone. Revenue noted that submitting queries online is the preferred method and then use the phones in the next instance. Revenue noted that where common issues arise they are updating the website to address these.

### **VAT Registrations**

The introduction of a dual system was under construction for delivery at the end of 2018 however it is now due for delivery in Q2 of 2019. Revenue noted a lot of work has been undertaken but not enough to get the new system over the line. This system will split domestic and international registrations into two tiers. This dual system is expected to quicken the registration process.

### **ROS Issues**

#### Form 11

2018 Form 11 will be available in January 2019. Revenue noted that there are not many changes to the form from the prior year.

In relation to the Form 1, where an online form was filed for 2017 the 2018 form should automatically populated.

#### ROS Offline

ROS Offline will have scheduled down-time in order to put through an update after which people will have to download the updated version of ROS Offline.

#### ROS max associated companies

The maximum number of associated companies that can be included in a return on ROS is 250. A separate submission is required for associated companies in excess of this amount. Practitioners note that ideally, ROS would cater for a larger number of associated companies. Presumably, taxpayers faced with this limitation can continue to submit supplementary details on excel spreadsheet so that the full detail is submitted in tandem with completion of the tax return.

Revenue confirmed that taxpayers can continue to upload excess associated companies via a separate submission to the return.

### **Pay & File update**

- Revenue acknowledge the work of agents during the busy period of pay and file
- 2018 was a record year for total collections
- It was noted by Practitioners that ROS was down on the 13 November 4 and 7 pm - Revenue said they will look at this
- The deadline of the List of Employees on 31 October 2018 caused some issues for the system as the volume hitting the system at the one time was too much
- The marriage date on the return caused issues however from next year on this should pre-populate so the issues should have been once off

### **Income tax refunds**

It was noted that Revenue are currently not taking calls in relation to income tax refunds that have been delayed. Revenue confirmed that an automated answer machine informing taxpayers that their income tax refund is being dealt with has been in place for almost a year. It is aimed at providing information to taxpayers that Revenue are working through all refunds. Revenue aim to clear down the income tax refunds relating to November's filing period in the coming weeks.

### **Customer Engagement Strategy**

Revenue noted they are working on the refund process system – this is a work in progress.

### **Revenue Realignment**

It was noted that a Main TALC meeting took place on 29 November to discuss the realignment. Revenue have moved from a regional geographical base to a case base structure. The main change is the introduction of the Medium Enterprise Division (MED). The Business Division is still on a geographical bases.

Revenue noted the Exceptional contacts will be updated for the realignment.

### **CAT**

A number of CAT queries were on the agenda. Revenue provided a response to the queries. The queries and responses are included below in Appendix 1 to the minutes.

### **Revenue 'deadlines'**

Practitioners noted that in Revenue letters seeking supplementary information to support a refund claim, Revenue increasingly include a line to the effect that failure to provide the information within a specified timeframe will result in the refund being "disallowed". We understand from follow up by agents, the letter means that the refund will be disallowed until the information sought is made available. However, the

wording of the letters can suggest to taxpayers/agents that the refund will not be available at all if the deadline in the letter is missed.

Revenue noted that they will review the letter in the context of making the wording explicit that once the information is provided the refund will be released.

### **Phased Payment Arrangements**

Practitioners noted that a debt instruction was set up to pay a liability but the money was never taken out of the bank account. The taxpayer's bank account had changed and they had set up the debt instruction with the new account details. Revenue will look at this to see if there is a technical error in the system.

Revenue noted that there has not been an increase of taxpayers using the phased payment arrangement.

### **Challenges for tax agents in January 2019**

Practitioners noted that in January, many tax agents will be under severe pressure assisting taxpayers with PAYE Modernisation, the P35, VAT returns etc. Notwithstanding agents best efforts they may struggle to meet all the deadlines on time and some leeway will be necessary.

Revenue acknowledge the workload and noted that on the PAYE Modernisation front there has been an increase in resources provided in order to support people through the transition period. Revenue noted that they have to operate in line with the legislation, however they will be operating sensibly when considering to apply the fixed penalties of €4,000. They will look at a taxpayers compliance history and they will be in supportive mode for the transition period.

### **Dates and Chair for next meetings**

Revenue nominated Leonard Burke to Chair the 2019 meetings. Dates will be circulated at a later date.

### **Attendees at the meeting:**

#### **CCAB-I**

Mr Gerry Higgins (chairman)

Ms Bríd Heffernan

#### **Irish Tax Institute**

Ms Mary Healy

Ms Sandra Clarke

Mr Paul Wallace

#### **Law Society**

Ms Tracey O'Donnell

**Revenue**

Ms Lucy Mulqueen

Mr Joe Howley

Ms Maura Conneely

Ms Ruth Kennedy

Mr Leonard Burke

## Appendix 1 – CAT Queries

### Date of Inheritance

The Form IT38 online does not appear to have a facility to put in a date of inheritance on the online form other than a date of death (e.g. on an inheritance from a trust where the date of inheritance is the date of appointment not the date of the death of the disponent, the beneficiary must file as if he/she is receiving a gift to allow the correct year's return to be filed and include an explanation in the explanatory notes). Could Revenue consider updating ROS to include this functionality?

**Revenue response: Where there is an appointment from a trust the Life Interest/Trust tick box must be ticked. Does the query specifically relate to Trusts? If specific case details are provided we can explore the system requirements further**

### Amending Returns

In certain circumstances, an additional return has to be made to Revenue within a particular return period. For example, in the administration of an estate where additional assets have been discovered or a beneficiary receives an additional gift having already filed their return in respect of the first gift in the period. We understand that in these circumstances, ROS will recognise only the latest return; it will not recognise the earlier return. Can Revenue confirm if this functionality will be updated?

**Revenue Response: The functionality to amend returns was introduced on 8 September 2018. If specific case details for any issues encountered since then can be provided, we will investigate the matter further.**

### Multiple Returns

We understand that the ROS system can only process a maximum of three dispositions received by a beneficiary in a returnable period from different disponents. A similar issue arises where there are more than three dispositions from one disponent. Can Revenue confirm if this functionality will be updated?

**Revenue Response: The ROS system can now process 10 dispositions - this functionality was introduced in 2016. If specific case details for any issues encountered since then can be provided, we will investigate the matter further.**

### Farmer Test – Agricultural Relief

ROS currently requires the farmer test to be fulfilled in order to obtain agricultural relief. However, where trees or underwood (timber) are the subject matter of the benefit, the farmer test does not apply. In these circumstances it is necessary to insert figures in the return to enable the farmer test to be met so that trees and underwood can qualify for agricultural relief. We understand that this was to be dealt with in future technical upgrades of ROS. Could Revenue provide an update?

**Revenue Response: The functionality to allow agricultural relief for trees or underwood (timber), (without having to insert figures on the return to meet the farmer test) was introduced on 8 September 2018. If specific case details for any issues encountered since then can be provided, we will investigate the matter further.**

### Interest

We understand that where an interest payment is required to be made for CAT, this payment cannot be made via ROS. Instead, this payments should be sent by cheque to the relevant region. It is understood that the facility to pay interest via ROS was to be included in future technical upgrades of ROS. Could Revenue provide an update?

**Revenue response: The online payment system allows for the payment of CAT Interest. This functionality is available since 8<sup>th</sup> September 2018.**

### Date of Grant

The IT38 requires a grant date to be inserted. In cases where the date of death is the date of the benefit a grant may not have issued. In many cases, where all the significant assets are owned jointly, a grant may never be applied for.

**Revenue response: We will explore this issue further.**

### **Double Taxation**

Practitioners have commented that UK credit details are not easy to understand/follow in the on-line version of the IT38 compared to the original paper version. It is often necessary to send in further details by post.

**Revenue response: Enhanced functionality for double taxation relief was introduced on 8 September 2018. However, it is necessary to include all beneficiaries in order for the relief to be calculated correctly. If specific case details for any issues encountered since then are provided, we can investigate the matter further.**

### **Punctuation**

The Form IT38 allows the inclusion of punctuation when completing the form offline, but if punctuation is included in the offline form and then it is uploaded, the upload will fail because punctuation has been included. Representations have been made to the Law Society in respect of practitioners trying to file returns in respect of estates with error messages appearing. One practitioner identified the issue where there were multiple beneficiaries some of whom will have a liability and some of whom just need a return filed with no payment. Repeated error messages arose. The practitioner phoned Revenue and they said there has been a problem with this form and told the practitioner to ensure not to include any punctuation anywhere which can cause an error message when you come to submit the form. Unfortunately, this did not work. We understand that this was not an isolated issue and Revenue are asked to consider the point and revert to practitioners.

**Revenue response: If specific case details on the repeated error can be provided we will investigate the matter further.**

### **Dates**

Dates entered into return do not show up on printed version of the form.

**Revenue response: If specific case details on the missing dates on the printed version can be provided, we will investigate the matter further.**

### **Benefit of mixed property**

Drop down menu for type of property does not allow mix e.g. realty and personality. This is not practical for residuary legatees. Could a new drop down item called residuary estate be included or an option for mixed property?

**Revenue response: We will explore this requirement further**