

Draft Minutes
Indirect TALC Meeting
10:30 Wednesday 6 September 2023
Basement Conference Room, Stamping Building, Dublin Castle

Item 1 – Minutes of the Previous Meeting

Draft minutes of the 14 June meeting were not distributed in time for consideration at this meeting, so members agreed to provide any observations or suggested amendments by mid-September. The minutes will then be on the agenda for formal adoption at the next scheduled meeting.

Item 2 – Matters Arising

Administration

Revenue apologised for the delay with the minutes and undertook to ensure this does not recur.

Update on Action Points from Previous Meeting

- VAT 56A

Following the June meeting, Revenue received information from CCAB-I explaining their request relating to the accountant's certificate which is required as part of the VAT 56 authorisation process. Revenue is still gathering views from operational Divisions and should be in a position to respond once that is completed. CCAB-I emphasised the need for clarity soon, as many certificates are due for renewal at end October, and they suggested a meeting to expedite the matter. Revenue acknowledged the timeframe, and agreed that a meeting could be useful once internal views were assessed.

- Section 94(8)(b)

Revenue confirmed that the property guidance in the VAT Tax and Duty Manual will be updated to clarify the application of section 94(8)(b). The ITI's email on the matter will be circulated to the other members.

- Property - Second Sale Post-Completion/Two Year Rule Issue

The Law Society indicated they had some further material on this matter and would provide a submission in advance of the next meeting.

Item 3 – Update on subgroups

Following the last meeting of the VAT Grouping subgroup on 19 June, Revenue is finalising an internal report for senior management on the matters discussed. It is expected to be completed before the end of the month. Once senior management have considered the report and relevant decisions have been made, the next meeting of the subgroup will be scheduled. Revenue thanked the contributors to the VAT Grouping subgroup. As agreed at the last meeting Revenue will engage with a subgroup on partnerships/co-ownerships as soon as the subgroup for VAT Groups reaches completion.

The Law Society referred to the situation over the summer where speculation had been circulating externally that certain decisions were imminent of foot of the work of the sub-group on VAT Groupings. The Law Society indicated that such speculation had raised unnecessary worry in relevant sectors, and emphasised the importance of continued observance of the confidentiality of TALC (incl. group/sub-group) deliberations in order to enable the proper working of the forum.

Revenue confirmed that it had received emails from various agents about the speculation, and to address the matter, had, via the members of the subgroup, issued a message setting out Revenue's position on VAT Groups. Revenue reiterated the importance of TALC confidentiality to facilitate constructive engagement. Members echoed this point.

Item 4 – EU Matters

A number of EU Council meetings are scheduled to take place under the Spanish Presidency as the current Presidency is keen to progress the EU ViDA file.

There is good support from all Member States for the third pillar of the ViDA file – the Digital Reporting Requirements supported by electronic invoicing. The required convergence of the existing domestic systems to align with the proposed intra-EU reporting process is an issue for some Member States particularly those who have invested significantly in the development and rollout of their own domestic reporting systems. The three strands (Platform economy, SVR and the DRR) of ViDA will continue to be discussed as one file. There was broad support for the ViDA file at the ECOFIN meeting which was held in June. The next ECOFIN meeting will take place in October.

Item 5 – Any Other Business

- **VAT exemption of section 110 companies**

The ITI raised a query regarding Section 61 FA 2022 which limits exemption for the management of Section 110 companies where the S.110 company "holds qualifying assets that consist of plant and machinery". Revenue confirmed that this was correct: a S.110 company that holds plant and machinery typically undertakes a taxable activity of leasing those assets, that activity is taxable, and gives rise to full VAT recovery.

The ITI also enquired about situations where the S.110 company is not carrying on a VATable activity but holds a security interest or legal title in plant and machinery, such as where receivables are secured by way of a right over plant and machinery or the S.110 has some small interest in plant and machinery via partnerships or other transparent entities, and the S.110 company would not be considered to hold plant and machinery in accordance with the exclusion.

Revenue noted that the concept of a 'transparent entity' referred to in the query is a Direct Taxes concept and is not relevant to VAT. Revenue confirmed that where a Section 110 company holds receivables that are secured by way of a right over plant and machinery, it would not be considered to hold plant and machinery in accordance with the exclusion. A partnership is typically considered to be a taxable person for VAT purposes. Therefore, a partnership that leases plant and machinery is an accountable person in respect of that activity. However, the S.110 company would not be considered to hold plant and machinery in accordance with the exclusion but holds an interest in the partnership.

- **VAT Registration**

The ITI raised an issue about the processes involved in VAT registration. They referenced a situation relating to online gaming, where escalation was sought a number of times for a particular domestic VAT registration which was eventually refused. The ITI also referenced occasions where documents to evidence trading were requested multiple times despite having been previously provided.

Revenue suggested that a discussion about Registration at a forthcoming meeting could facilitate a clearer understanding of recurring or emerging issues, and it was agreed that this would be useful.

- **VAT IOSS for excisable goods**

The ITI asked whether OSS/IOSS could be used for supplies of a particular product which is subject to excise in another Member State but not in Ireland, and noted the use of slightly different terms – ‘excisable products’ and ‘products where excise applies’ – between the EU Directive and the Revenue guidance.

Revenue explained that the query relates to a particular case, and was already received by the relevant area and is currently being dealt with. When it is resolved, Revenue will see whether the general guidance on this matter needs clarification.

- **RCT and application of reverse charge on property-related transactions**

The Law Society indicated concern about some instances involving the VAT and RCT treatment of property-related transactions. They undertook to revert with more information about the concerns, including specific examples, so that it can be considered.

- **Upcoming meetings of Indirect TALC**

The next quarterly meeting of Indirect TALC is scheduled for 22 November.

An additional ad hoc meeting will be held to discuss the Finance Bill within a few working days of its publication; this will likely be in mid-October and will necessarily be arranged at short notice. It will be a hybrid meeting.

Action Points	Agenda Item	Responsible	Timescale
Minutes of June meeting to be agreed at next scheduled meeting. (Draft for circulation 6 September, with any comments and suggested amendments to be provided preferably by mid-month.)	1	Revenue and All members	November meeting
Revenue to complete internal consideration of CCAB-I proposal on S.56 and revert. Meeting to be organised if useful at that stage.	2	Revenue	By end month
Circulate the ITI's email concerning Section 94(8)(b).	2	Secretary	Immediate

Organise the next VAT Grouping subgroup meeting.	3	Revenue	Date not fixed. (To follow decisions on submission.)
Arrange for presentation and discussion on practical experience re Registration matters.	5	Revenue	November meeting, if possible
Send further information/examples of property cases.	5	Law Society, ITI	By end October
Arrange ad hoc meeting to discuss the Finance Bill.	5	Secretary	Likely mid-October

Attendees

Consultative Committee of Accountancy Bodies - Ireland

Mairéad Hennessy (Chairperson)

Gearóid O'Sullivan

Grainne McDermott

Irish Tax Institute

Oonagh Carney

Nick O'Brien

Finbarr O'Connell

Lorraine Sheegar

Law Society

Donal Kennedy

David Lawless

Revenue

Chad Egan

Ita Foster

Deirdre Hanlon*

Patricia Lahert

Declan O'Hora (attended virtually)

Ciaran Ruane (Secretary)

*Designated Public Official, *Regulation of Lobbying Act 2015*