

Draft Minutes
Indirect TALC Meeting
11.00am, Wednesday 5 October 2022
Basement Conference Room, Stamping Building, Dublin Castle

Item 1 – Minutes of previous meetings

The minutes of the meeting of 29 June 2022 were agreed and adopted.

Item 2 – Briefing on Budget announcements re Indirect Taxes

- Melissa Ryan gave a summary of the Excise changes announced in the Minister’s Budget speech. The changes related to Tobacco Products Tax, Mineral Oil Tax, Alcohol Products Tax, Special Exemption Orders and prosecution of offences.
- Dermot Donegan gave a summary of the VAT changes announced in the Minister’s Budget speech. The changes included the Flat-Rate Addition, the extension of the rates on gas and electricity and zero-rating of menstrual products, defibrillators, newspapers and the non-oral hormone replacement and nicotine replacement medicines.
- An update on the Finance Bill will be given at the next meeting.

Item 3 – Administrative Matters

The Chair presented a short paper on the alignment of Indirect TALC’s operational processes with the TALC Guidelines. It proposed arrangements in relation to: an annual work programme and end of year report; the agenda, papers and minutes of meetings; providing updates/reports to Main TALC; and scheduling of meetings. The paper was agreed, with a small number of further/clarificatory points to be drawn up for the next meeting, together with a short report summarising the work done this year, and proposals for the 2023 work plan.

Item 4 – Subgroups

Not all Practitioner groups had yet put forward their nominees for the two proposed sub-Groups – on VAT Groups and on Property Partnerships and Co-ownerships – but undertook to do so in the coming days. The former is expected to have organised its first meeting before the next Indirect TALC meeting, and the latter to start in the New Year.

Item 5 – Emergency Accommodation

Practitioners raised the VAT treatment of emergency accommodation in the context of the provision of emergency accommodation for Ukrainian refugees. They sought clarification regarding exclusive use, the taxation of Direct Provision emergency accommodation, the availability of landlord’s “option to tax”, and the situation regarding Capital Goods Scheme adjustments. Revenue clarified that there had been no change in the operation of VAT in this area and the guidance most recently reviewed in 2020 detailed the current situation, i.e. the supply of emergency accommodation for Ukrainian refugees is an exempt supply of emergency accommodation. Revenue also explained that Irish and EU law provides that the option to tax lettings is not available where the property is used for exempt purposes. Revenue committed to look at enhancing the current guidance to clarify the issues highlighted by the

Practitioners. It was also noted that queries on specific cases can be referred to the Revenue Technical Service.

Item 6 – EU Update

- In September the Commission confirmed that they are aiming to have the proposal for the VAT in the Digital Age Package ready by mid-November with discussions in Council commencing at the end of November/early December.
- They also confirmed that they will be proposing a staggered application of the package from 2024-2028. The elements requiring least IT development (e.g. platform economy changes) will likely be agreed and adopted first, and others (e.g. DRR, e-invoicing) later but dates will be subject to discussion/agreement in Council.
- They also confirmed that the package will include improvements to the OSS and IOSS and they will propose making the IOSS mandatory for platforms. The €150 threshold for the IOSS will only be amended later on as part of wider Customs reforms, but it is something that they are looking into.
- Commission referred to presenting a “package” proposal, but acknowledged that some elements could enter into application quicker than others, so it is likely the Council meetings will be split per topic and progressed on that basis. This should be clearer once the proposal is presented to Council.
- The other current proposal is the Travel and Tourism Package. There have not yet been any detailed discussions but a GFV meeting scheduled for 14 October on this. There will be a general discussion on options in advance of any move by the Commission to introduce a proposal to Council. At the GFV meeting in May, the Commission confirmed that they had only begun their review of this and that a legislative proposal might be put forward at some stage in 2023.

Item 7 – Registration Issues

Dermot Donegan raised issues of applications for VAT registration being made by companies with no fixed establishment or business establishment in the State. Revenue has been receiving quite a number of requests for Intra-EU VAT numbers from entities that have obtained a domestic VAT number (possibly from the distance sales obligations pre-July 2021) and from auto-registration of domestic applications. Practitioners noted that many Agents seek VAT registration automatically when registering for Corporation Tax even if they do not need to register for VAT. Revenue asked that Practitioners carry out a level of due diligence on their VAT registration applications to check suitability; this will help maintain the efficiency of the registration system for those who need VAT numbers and have made proper applications, and it will avoid delays arising from dealing with ineligible or unsuitable applications.

Item 8 – AOB

- **Query re matter at another TALC sub-committee**

It was agreed that a request for a progress update on customs weekly reports should best be addressed to the TALC sub-committee which is dealing with that matter, and not to this group.

- **Dental Services**

Ita Foster updated the meeting on the conclusion of discussions with representatives of the dentistry profession, who now plan to amend their agreements to reflect what is actually happening on the ground where a practice operates as a body of persons all contributing to an exempt supply with members' contributions not being subject to VAT. Revenue will examine whether information should be added to the current medical services guidance.

- **In-person Meetings**

It was agreed to hold future meetings in person, with online access available to facilitate any member unable to attend in-person for Covid-type reasons. Online-only meetings can resume if it becomes necessary due to a change in Covid circumstances.

| Action Points | Responsible | Timescale |
|---|-----------------------|---------------------|
| Draft a short report on the business of the Indirect TALC in 2022. | Secretary | Next meeting |
| Proposals for 2023 work programme | Chair and Members | Next meeting |
| Prepare note on a few remaining administrative matters to facilitate completing the review discussion | Chair | Next meeting |
| Remaining nominations to be made to Revenue for sub-group membership. | Practitioners | Before next meeting |
| Revenue to canvass nominated representatives to schedule a meeting for the VAT Grouping sub-group. | Revenue Practitioners | Before next meeting |

Attendees

Irish Tax Institute

Oonagh Carney
 Gabrielle Dillon
 Gerry Brennan
 Lorraine Sheegar

Consultative Committee of Accountancy Bodies - Ireland

Gearoid O'Sullivan

Law Society

Donal Kennedy
 David Lawless

Revenue

Dermot Donegan
 Deirdre Hanlon* (Chairperson)
 Ciaran Ruane (Secretary)
 Declan O'Hora
 Ita Foster

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