

Draft Minutes

Indirect TALC Meeting

12:00 Thursday 26 October 2023

Hybrid Meeting: Annex Conference Room, Stamping Building, Dublin Castle
and online via Microsoft Teams (hosted by Revenue)

This was a special meeting convened to facilitate a technical briefing for TALC on the recently published Finance Bill.

Item 1 – Briefing on the Finance Bill and Budget Announcements

Revenue provided a briefing on the VAT and Excise elements of Finance (No.2) Bill 2023 which was published on 19 October, and also some indirect tax announcements in Budget 2024.

VAT – Finance Bill

- Increase of the registration threshold for goods from €75,000 to €80,000 and the registration threshold for services from €37,500 to €40,000 with effect from 1 January 2024.
- Extension of the temporary application of the second reduced rate to gas and electricity for a further year until 31 October 2024. A Financial Resolution on this was passed on Budget night.
- Application of the zero-rate of VAT from 1 January 2024 to the supply of eBooks and audio books.
- Application of the zero-rate of VAT from 1 January 2024 to the supply and installation of solar panels on schools.
- Repeal of section 51 of VATCA 2010 on Revenue determinations of rates or exemptions.
- Introduction of a new provision relating to the Deposit Return Scheme for drinks cans and bottles (which is to begin operation in February 2024) so that no VAT will be chargeable on the deposit, provided the can or bottle is later returned, and that it is the Scheme operator who will be required to account for VAT on the deposits relating to unreturned bottles and cans. The provision also allows for the making of Regulations.
- Decrease in the rate of the Flat-rate Addition from 5% to 4.8% from 1 January 2024.
- Deletion of the word 'issuing' from the VAT exemption provided at paragraph 6(1)(a) of Schedule 1. This technical amendment completes the deletion made in Finance Act 2022 so that Irish legislation correctly reflects CJEU case law. The provision will not affect practice, because the issuing of shares, etc. is outside the scope of VAT.
- Providing in primary legislation for the VAT exemption of emergency accommodation. This VAT treatment reflects EU law, and is already made clear in Revenue guidance.

Discussion centred on a number of the VAT provisions:

- In response to queries, Revenue clarified how the Deposit Return Scheme will operate, that the Finance Bill provision is closely linked to Article 92 of the Directive, and that Regulations will be made shortly to set out detail of how the VAT will be calculated on the unreturned items on which the Scheme operator will be liable to account for VAT.
- Some practitioner members indicated concern about repealing Section 51 as they considered it a useful facility for taxpayers. Revenue explained that the provision has been little used, especially in recent years and that clarification of rates and exemptions is nowadays sought and provided through a range of other channels – website information, publication of detailed technical guidance (TDM), and availability of the expert Revenue Technical Service for complex technical queries – as well as the right to appeal.
- In response to practitioner comments on the provision relating to emergency accommodation, Revenue explained that this supply falls within the VAT exemption for the letting of immovable goods – which is current practice and in line with EU law – and the purpose of the provision is to make the exemption explicit in primary legislation.
- Revenue undertook to revert on a query about agency services that are related to share issuing.
- Revenue confirmed that, as normal, TDMs will be reviewed and, where appropriate, refreshed in light of updated legislation.
- As a general point, it was noted that the TALC discussion was a technical briefing, and that the published Bill reflects policy decisions that have been taken at Ministerial and Government level.

Excise – Budget and Finance Bill

- Extension of the remaining 2022 temporary rate reductions in the non-carbon component of Mineral Oil Tax (8c for petrol, 6c for diesel and 3.4c for marked gas oil) which will be phased out in two equal amounts on 1 April and 1 August 2024. A Financial Resolution on this was passed on Budget night.
- Increase of Tobacco Tax rates so that, on a VAT-inclusive basis, a pack of 20 cigarettes rose by 75c per pack of 20, bringing the price to nearly €17, of which about €13 is tax. A Financial Resolution on this was passed on Budget night.
- Announcement that Excise will be introduced next year on e-cigarettes and vaping products, and that work on this is getting underway with the relevant Departments.
- Increase in Alcohol Products Tax rates on certain ciders and perries (those with an alcohol by volume of greater than 8%) from 1 January 2024 to align with other drinks. The products affected are a very small part of the market, with tax receipts of approximately €5,000.
- Removal of the requirement for certification for small alcohol producers availing of micro-brewery relief who are consigning goods to Northern Ireland.

- Extension for two years of the Vehicle Registration Tax relief on electric vehicles until 31 December 2025. Vehicles costing under €40,000 get full relief, with marginal relief for vehicles costing between €40,000 and €50,000.
- Drafting changes to general excise legislation to update references to some EU legal instruments and to update some terminology.

Consultation Process: Modernising Ireland’s administration of Value-Added Tax

In the Budget speech on 10 October, the Minister for Finance announced that Revenue would shortly issue a public consultation on VAT Modernisation. Later that week, Revenue published its Public Consultation on real-time VAT reporting and electronic invoicing, which will run from 13 October 2023 to 12 January 2024.

The Consultation Paper explains real-time digital reporting and eInvoicing in the context of developments in the business sector and at EU level, and the paper invites comments about introducing such measures into Ireland’s administration of VAT. Revenue is seeking views from stakeholders including VAT-registered businesses, accounting software providers, eInvoicing providers, tax practitioners, accounting firms, bookkeepers, business and industry representative bodies. The present consultation concerns Business to Business (B2B) and Business to Government (B2G) transactions only; there will be other consultations in the future dealing with Business to Consumer (B2C) transactions.

Similar to the approach taken with the previous PAYE Modernisation project, Revenue intends to engage with stakeholders throughout development and implementation of a VAT Modernisation programme. As part of the consultation, Revenue is interested in the experience and views of businesses who trade with/in other European Member States which have already introduced eInvoicing. The European Commission is keen to have a harmonised European eInvoicing standard across Member States, and Ireland is supportive of harmonisation.

As previously agreed, a subgroup of Indirect TALC will now be established.

Next meeting

The next meeting of the group is the normal quarterly meeting, which is scheduled for 22 November.

Action Points	Agenda Item	Responsible	Timescale
ITI technical query re tax exemption for agency services connected to the issuing shares – Revenue to clarify for the next meeting	1	Revenue	November Meeting

Attendees

Consultative Committee of Accountancy Bodies - Ireland

Mairéad Hennessy (Chairperson, attended virtually)

Gearóid O'Sullivan (attended virtually)

Irish Tax Institute

Oonagh Carney (attended virtually)

Eamonn McCallion

Alma O'Brien (attended virtually)

Lorraine Sheegar

Law Society

Matthew Broadstock (attended virtually)

Donal Kennedy (attended virtually)

David Lawless (attended virtually)

Patricia McCarvill (attended virtually)

Revenue

Chad Egan

Deirdre Hanlon*

Patricia Lahert

Angela O'Gorman

Declan O'Hora

Ciaran Ruane (Secretary)

Sandra Walsh (attended virtually)

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