

TAX BRIEFING



ISSUE 2 - April 1991

Introduction

We are pleased to report that the first issue of "Tax Briefing" received a favourable response from tax practitioners. We say "thanks" to those who wrote to offer views on future content and other matters. We again extend an invitation to all readers to write with views on any aspect of the bulletin. Your views will help ensure that Tax Briefing deals with matters which are relevant to practitioners in their dealings with Revenue.

We received quite a number of requests either for additional copies of Tax Briefing or to have additional named employees of firms added to our mailing list. Unfortunately, for a number of operational reasons, this is not possible. Readers will appreciate that, as our mailing list is used for various Revenue purposes, we must keep a tight control on it to ensure that its efficiency for all Revenue purposes is maintained.

We send one copy of Tax Briefing to every firm of practitioners on our list. Any of the material in Tax Briefing may be reproduced provided the source is acknowledged but it is not otherwise subject to copyright restriction. It may accordingly be photocopied for distribution, as appropriate.

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Amnesty!

In his Budget speech on 30 January 1991 the Minister for Finance announced an interest amnesty for Capital Acquisitions Tax and Estate Duty liabilities still outstanding. For further details see paragraphs 5.4 and 5.5 inside.

Capital Gains Tax - Self Assessment

Subject to the proposals in the Finance Bill 1991 being enacted, Capital Gains Tax will come into the Self Assessment system for 1990/91 and future years. The main effect of this will be that in respect of chargeable gains made in 1990/91.

Preliminary Tax of not less than 90% of the capital gain tax liability will have to be paid by 1 November 1991.

A Return showing those chargeable gains will have to be made by 31 January 1992 and

The interest and surcharge provisions for late payment and late filing of Returns will apply.

The proposed provisions mainly follow the Self Assessment provisions for Income Tax and Corporation Tax contained in the Finance Act 1988.

An explanatory leaflet giving further information is enclosed. Further copies can be got from any Tax Office.

Tax Return 1990/91 - Income Tax

Since the start of Self Assessment and related legislative changes, Tax Return forms were of necessity issued later than we would have liked. Happily, this year we can respond to

tax practitioners' requests for earlier issue of Tax Return forms.

The issue of Tax returns for 1990/91 (Form 11, Form 1, Form 1 (firms) and Form AG12) began in April 1991. This general issue of forms should be completed by mid May. This will assist tax practitioners and their clients who wish to finalise 1990/91 income tax liabilities in time for the payment of 1991/92 Preliminary Tax by 1 November 1991 (see paragraph 2 inside for particular points to be borne in mind when completing 1990/91 returns.)

1. General

1.1 Correspondence with Tax Offices

The comments under this heading in our first issue caused concern to some practitioners. We wish to return briefly to this subject to clarify the situation.

Most importantly, we wish to emphasise that we are not adopting a policy of discouraging meaningful communication between practitioners and Revenue. We are however concerned at the amount of unnecessary contact between practitioners' staff and Tax Offices. While we all know the tax system has its complexities, it is normally well within the capacity of practitioners and their staff - whose own immediate resources are usually more than adequate. One recent incident of unnecessary contact concerned an employee of a firm of tax practitioners ringing a Tax Office with an elementary enquiry; when we asked if he had discussed the matter with his Tax Manager, the response was "Oh no, he is too busy".

Unsatisfactory correspondence also arises, including

A) "the general enquiry" usually concerning unidentified persons. These enquiries are often on basic points which should be capable of being dealt with from within firms own

resources. In other cases, firms engaged in complex tax planning have been known to look for guidance or assurance by way of a "general enquiry".

B) Correspondence which services not useful purpose.

This includes sending covering letters with payslips. It also includes sending copies of correspondence with one area in Revenue to other areas within Revenue - e.g. letter written to Collector-General and a copy to Tax District.

C) correspondence inadequately addressed. A lot of time is wasted in Revenue Offices rerouting correspondence to correct destinations.

The time allocated to dealing with such correspondence in Tax Offices places a considerable strain on our resources. The result is that processing of returns, repayment claims etc. can be delayed.

We are aware of practitioners' needs for communication with Revenue and we are not against this. What we are trying to do is to ensure that we use our resources to best advantage so that when a practitioner has a particular problem that does require contact with a Revenue Office, we can respond promptly.

Telephone Dealings

Under Self Assessment the telephone is increasingly used by tax offices and tax practitioners to deal with "repairs" to returns and other matters which can be dealt with effectively over the phone. We would ask practitioners to ensure that an adequate note of the contents of such phone dealings is kept on clients' files. We find that weeks or months later we are getting letters, or further phone calls, concerning matters previously dealt with by phone.

We would also ask practitioners to note that the “repair” of Returns/Assessments by telephone is normally limited to:

- correcting minor errors that come to light when processing returns
- correcting errors in assessments arising from an error by Revenue staff in inputting details correctly stated on Returns.

The telephone is not the appropriate medium for dealing with certain other errors. If an assessment is correct by reference to the details supplied on a Return but the Return is incorrectly completed, the matter cannot be corrected by means of a “repair by phone. Errors of this nature must be dealt with in writing.

An example of this type of error would be : Case I profit of £100,000 entered on the Return, where the correct Case I figure is £10,000 - this is a fundamental error which affects the integrity and accuracy of the return and cannot be repaired by means of a phone call.

In such a case the appropriate action would be to write to the Inspector pointing out the error and requesting that the assessment be amended.

1.2 Surcharge for late submission of Returns - Section 48, FA 1986.

This subject continues to give rise to a lost of correspondence with Tax Offices. Three areas in particular merit mention:

- A) The submission of accounts without a Return will not prevent a surcharge being imposed.
- B) A return is required for every year of assessment (income tax) and for every accounting period (corporation tax). For corporation tax, an accounting period cannot exceed 12 months. Accordingly, where

accounts covering a period of more than 12 months are prepared, one return is not sufficient for the entire period covered by the accounts. More importantly the 9 month time limit for filing the return for the first accounting period starts not from the end of the period covered by the accounts, but from the end of the first accounting period.

Example

A company which normally prepared accounts to 31 December, changes its accounting date to 30 June. The following accounts were submitted:

Y/e 31/12/1989 : 18 months to 30/6/91.

Separate forms CT1 must be prepared and filed as follows:

- for the 12 mths ended 31/12/1989 - to be filed by 30/9/1990
- for the 12 mths ended 31/12/1990 - to be filed by 30/9/1991
- for the 6 mths ended 30/6/91 - to be filed by 31/3/1992

C) Finally, where a surcharge is correctly applied, it cannot be waived at the discretion of the Inspector of Taxes. There is no point therefore in writing or phoning Tax Offices on this matter unless it is clear that the Tax Office has erred.

1.3 Revenue Approved Profit Sharing Schemes / Share Option Schemes

With effect from the end of April 1991, approval of these schemes will be undertaken by the Employee Share Schemes Section, Office of Chief Inspector of Taxes, 1st Floor, Setanta Centre, Nassau Street, Dublin 2. All correspondence on new and existing schemes should be referred to this section from the end of April 1991 onwards.

2. Income Tax

2.1 Tax Returns 1990/91

Return forms are being issued during April 1991. They are being issued to agents, where on record, and directly to taxpayers in other cases. Tax Returns 1990/91 (form 11) are the first returns that will be completed under the current year basis of assessment. Taxpayers will now be able to receive final statements of their 1990/91 liabilities in the form of an assessment - based on a single Return. [The need, in many cases, for two returns to achieve finality of liability is now gone.]

Practitioners are reminded of the need to ensure that Tax Returns 1990/91 are sent to Tax Offices only when they are fully completed and when all necessary documents (accounts, forms P60 etc.) are enclosed. Early filing of Returns is encouraged, but it should not be done at the expense of completeness. Partially completed returns will not be accepted.

The layout of Tax Return 1990/91 (form 11) has been changed slightly this year to facilitate tax payers who wish to use the VSA computation. The main aim of the changed layout is to reduce to a minimum the need to repeat figures on both the return form and the VSA page. Details of the current allowances, reliefs, tax rates, PRSI levies etc (previously included on the return form) have been moved to the back page of the explanatory notes issued with the return. Return forms issued to agents will not have copies of explanatory notes in them, as in the past. Instead, a small supply of these notes will be sent, under separate cover, to each firm of practitioners on our mailing list - this is in response to reaction from practitioners who found individual notes in every return a nuisance.

2.2 Capital Allowances & Balancing Charges 1990/91

There appears to be some confusion among practitioners regarding the correct treatment of capital allowances and balancing charges for the 1990/91 year of assessment following the change to the current year basis. The confusion arises mostly in relation to the "drop out" year.

1989/90 (inclusive) capital allowances were in general terms, granted for a year of assessment by reference to expenditure incurred in the basis period for the year or in relation to any balance of unallowed expenditure from a previous year. Where accounts are made up to a date other than 5 April, the accounting period is taken as the basis period. For example, for year of assessment 1989/90, the y/e 5 April 1989 is strictly the basis period but if accounts are normally prepared to (say) 31 December, then the y/e 31 December 1988 is taken as the basis period. For 1990/91 and subsequent years of assessment, the basis period for capital allowance purpose is strictly the actual year of assessment to 5 April - where accounts are made up to a date other than 5 April, the accounting period is taken as the basis period. In the examples used the basis period for 1990/91 would ordinarily be the y/e 31 December 1990.

So what happens to the year ended 31/12/1989? This is where the confusion arises. Some practitioners submitted capital allowance computation with the 1990 Income Tax Return for 1990/91, based on expenditure incurred in the y/e 31/12/89 - the drop out period. This is incorrect.

Capital allowance legislation provides that, where there is an interval or gap between the end of one basis period and the beginning of another, the interval or gap is in general deemed to be part of the later period. So the drop out period falls into the basis period for 1990/91.

Practitioners who submitted incorrect capital allowance computations with the 1990 Income Tax Returns should ensure that they submit revised computations with the Tax Returns 1990/91.

2.3 Balancing Charges / Allowances

Balancing charges / allowances arising in the drop out period are similarly chargeable / allowable in 1990/91 - practitioners are reminded of the need to include these on the Tax Return 1990/91.

2.4 Accelerated Allowances 1990/91 (Free depreciation / Initial Allowances)

Accelerated allowances cannot be claimed in respect of expenditure incurred in both the drop out period and the basis period proper for 1990/91. The legislation provides that accelerated allowances can only be claimed in respect of expenditure in or other period. In the absence of an election in writing (which must accompany the 1990/91 return) accelerated allowances may only be claimed in respect of expenditure incurred in the basis period proper for 1990/91 (y/e 31/12/90 in the example used). An election may be made to claim accelerated allowances in respect of expenditure incurred in the drop out period instead (See example on next page).

Example

A trader with a 31 December accounting date, purchases Machinery - £25,000 - in y/e 31/12/1989 and plant - £10,000 - y/e 31/12/1990.

In the normal course, he can claim accelerated allowances (50% max.) in respect of the Plant purchased in y/e 31/12/1990. He can then only claim normal writing down allowance of 12.5% on the Machinery purchases in y/e 31/12/1989. Alternatively, if he elects, he can claim accelerated allowances (50% max.) in respect of the Machinery purchased in y/e 31/12/1989. He can then

only claim normal writing down allowance of 12.5% on the Plant purchases in y/e 31/12/1990.

3. Withholding Tax (Professional Services)

3.1 Practical considerations

The claiming of relief for withholding tax in respect of professional services in an area that gives rise to problems for practitioners and revenue staff. The problem seems to stem in the main from the failure of clients to get (or keep safely) forms F45-1 from accountable persons. Accountable persons will only issue Forms F45-1 where the client gives his/her tax reference number.

Failure on the part of a client to give a tax reference number automatically means no Form F45-1. This means the client has not evidence of tax deducted. Under the withholding tax legislation of tax which an accountable person is obliged to give.

We would ask practitioners to point out to their clients the importance of giving accountable persons their Tax Reference numbers - whether asked for them or not. Apart from the fact that the law requires them to give their tax reference numbers, the availability of forms F45-1 smooths the process of obtaining a credit/ refund in respect of tax withheld.

3.2 Claiming credit for withholding tax.

Taxpayers can generally claim a credit for a year of assessment in respect of withholding tax deducted in the preceding year of assessment. Where accounts are made up to a date other than 5 April, credit may be claimed by reference to tax deducted in the accounting period ending in the preceding year of assessment.

Example.

Withholding tax deducted during the accounting period ending 31/12/1990, (which forms the basis of assessment for 1990/91 for income tax), will be credited in 1991/92.

Claims for credit in respect of withholding tax should be made when submitting the Tax Return for the year of assessment in which credit is due. The relevant Forms F45-1 must be submitted with the claim - except where previously submitted in connection with an interim refund claim (see below).

3.3 Interim Refunds

Ongoing Business

A person carrying on a trade or profession who suffers withholding tax may claim an interim refund where the following requirements are satisfied:

A) the profits of the basis period immediately preceding that which is the subject of the claim have been finalised and the tax due thereon paid in full, and

B) the claim is supported by the necessary documentation (i.e. forms F45-1 and F50)

The amount of the interim refund is the excess for the withholding tax in the claim (excluding any amounts previously repaid) over the liability for the preceding basis period, less any VAT, PAYE or PRSI outstanding.

Example

Forms F45-1 totalling £10,000 referring to tax deducted between 6/4/91 and 31/8/1991 are submitted for an interim refund for 1991/92. Liability for 1990/91 based on accounts to y/e 5/4/91 is £7,000 which is finally determined and paid. The excess over £7,000 i.e. £3,000 may be refunded subject to

any restriction for VAT, PAYE or PRSI outstanding.

Particular hardship

Where a taxpayer claims and proves particular hardship, the Revenue Commissioners may waive some of the requirements relating to an interim refund. Further details are set out in the Statement of Practice SP-IT/3/90 issued by the Revenue Commissioners in December 1990 - available from Tax Offices or the Revenue Press Office, Dublin Castle.

Commencing Business

Special provisions apply to a person who has only commenced business. Such taxpayers, wishing to claim an interim refund, should contact their Inspector of Taxes for further details.

4. Corporation Tax

4.1 Close/Service Company Surcharge Undistributed Investment & Estate Income - Sections 101 and 162 CTA 1976.

The following is a brief guide to the surcharge assessing procedures applicable before and after the legislative changes dealing with the Self Assessment of Companies (including S47 & 48, FA 1990).

A) Accounting periods ending on or before 30/9/1989 (pre-Self Assessment):

Surcharges arising in respect of accounting periods ending on or before 30/9/1989 continue to be dealt with by additional assessment for the accounting period. Normally, Inspectors do not issue additional assessments before eighteen months from the end of the accounting period.

Example.

A company is liable to surcharge in respect of the accounting period ended 30/6/1989. An additional assessment for the accounting period ended 30/6/1989 in the amount of the surcharge will issue on or after 31/12/1990.

B) Accounting periods ending on or after 1/10/1989 and on or before 31/3/1990.

For accounting periods ending on a date which falls on or after 1/10/1989 and on or before 31/3/1990, the surcharge will be determined, as before, eighteen months after the end of the accounting period and will be dealt with by amendment of assessment for the said accounting period.

Example

A company is liable to surcharge in respect of the accounting period ended 31/12/1989. The assessment for the accounting period ended 31/12/1989 is amended eighteen months after the end of the accounting period i.e. on or after 30/6/1991.

C) Accounting periods ending on or after 1/4/1990

Surcharges arising in respect of accounting periods ending on or after 1/4/1990 will be part of the Corporation Tax liability of the earliest accounting period which ends at least twelve months after the end of the accounting period in which the income arose.

(Section 47 & 48FA 1990)

Example

A company is liable to surcharge in respect of the accounting period ended 31/12/1990. This surcharge will be regarded as Corporation Tax for the accounting period ended 31/12/1991. Particulars of the charge are to be included in the return (form CT1)

for the accounting period ended 31/12/1991, due to be submitted by 30/12/1992.

The surcharge must also be reflected in the Preliminary Tax paid for in the accounting period ended 31/12/1991 due on 31/7/1992.

4.2 Completion of Form CT1 (Finance Act 1990)

Form CT1 (Finance Act 1990 version) is the form to be completed in respect of all accounting periods ending on or after 1 April 1990. Practitioners should use the older version of form CT1 only for accounting periods ending prior to 1 April 1990.

Supplies of the current version of form CT1 (Finance Act 1990) may be obtained from any Corporation Tax District.

New Panels 17 and 18

Form CT1 (finance Act 1990) contains new panels 17 and 18 for return of surcharge (S101 and S162 CT Act 1976 as amended by Section 47 & 48, FA1990) and income tax deducted from annual payments (S151, CT Act 1976 as amended by S49, FA 1990), respectively. The amount of the surcharge liability should be entered in the return column at Panel 17.

In Panel 18, the total amount of Income Tax deducted from annual payments included under "Tax Deducted" should be carried into the return column.

Voluntary Self Assessment (VSA)

Practitioners should note that regardless of whether a company uses the VSA column on the form CT1 or some other form of VSA computations, the details of the company's profits, chargeable gains and chargeable assets acquired must be shown on the required columns of form CT1 if the company is to be treated as having made a return for the period.

Where a company wishes to calculate its tax payable for any accounting period, the VSA columns on pages 2 and 3 of form CT1 can be used. If the company prefers to submit its own form of VSA calculation it can of course do so. We would ask practitioners to ensure, whichever form of VSA computation is used, that panel 22 on page 3 of form CT1 is completed. This will greatly assist processing of the return.

Notes Page

The notes on page 7 of the return form are provided to assist companies and tax practitioners to complete the return. To ensure that the assessments issued properly reflect the intentions of practitioners, these notes should be followed when completing the returns. For example, where a Case 1 loss results when capital allowances are deducted from the profit figure for the accounting period, effect may be given to the loss in the accounting period by entering it at Panel 14 under "losses" [S16(2)].

5. Capital Taxes

5.1 Residential Property Tax.

The market value and income exemption limits for 1991 (valuation date 5 April next) are:

Market Value Limit	£96,000
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Income Exemption Limit	£28,500
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Further information may be obtained from Capital Taxes Branch at 6792777 exts 2331 & 2332.

The Revenue Commissioners are at present compiling a list of persons who have not made a return for the valuation date of 5 April 1990 and against whom legal proceedings for recovery of the penalty of £1,000 will be instituted.

5.2 Stamp Duty

Changes in Stamping Procedures

Since 1 January 1991, certain changes have been made to stamping procedures. These changes affect collateral and counterpart stamping and they limit the number of stamps impressed, leading to a faster service. A Statement of Practice (SP-SD/4/90) explaining the changes is available on request from the Stamp Duty Offices. Phone 6792777 exts. 2254 & 2256.

New forms

The stamp duty Office will introduce two new forms and one revised from by the end of June 1991

(A) An application form (Postal Application Form) to accompany each instrument submitted for stamping by post will, it is hoped, dramatically reduce errors made when submitting such instruments. This form will enable the Stamp Duty Office to give a more efficient service to taxpayers and will reduce the administrative costs associated with avoidable correspondence relating to a case. The aim of the form is to provide guidance to agents and taxpayers on how best to present their application.

(B) An application form (ST.21 - Particular Delivered) has long been a feature of having a Particulars Delivered stamp impressed on conveyances and leases. A revised form will shortly be put into operation. It is similar to the existing form but it will seek additional information so as to identify parties by their tax reference numbers. It will also contain a short section which will seek to combat evasion of duty.

(C) The Companies Capital Duty Section, in conjunction with the Companies Registration Office, has almost completed the design of a composite form (form B5) to be used when companies increase their share capital. The

new form will allow for the processing of a share issue by both offices simultaneously and will rationalise the current practice where each office requires a separate copy of the same information.

Stamping Office - Cork

The Stamping Office in Cork will provide a much expanded stamping service with effect from 1 June 1991. Thereafter, the Cork office will deal with counterpart, collateral and penalty stamping. It will also process refunds. From early Autumn 1991 the office will provide an adjudication service for a large range of instruments.

5.3 Levies - Collective Investment Undertakings, Certain Premiums of Insurance and Credit/charge Cards

Payments in respect of the levy on Collective Investment Undertakings (Section 109 Finance Act, 1990) and the levy on certain premiums of Insurance (Section 92, Finance Act, 1982 as amended), for the quarter ending 31 March 1991, will be due on or before 30 April 1991. Payments in respect of the levy on Credit Cards and Charge Cards (Section 17 Finance (No. 2) Act, 1981) in issue on 1 April 1991, are due on or before 30 June 1991.

5.4 Capital Acquisitions Tax

Interest Amnesty

The Amnesty, which will operate until 30 September 1991 applies to benefits taken prior to 30 January 1991. Provided that the tax is paid on or before 30 September 1991 interest payable or which would become payable up to 30 April 1991 will be waived and proceedings will not be initiated or continued for the recovery of any penalty which an accountable may have incurred.

Interest arising between 1 May 1991 and 30 September 1991 will not be covered by an amnesty. Further information, including an explanatory leaflet regarding the amnesty, can be obtained from the Capital Taxes Branch. Telephone (01) 679277 Exts. 2244/2247.

Changes in CAT rates

Also announced in the Budget were changes in the rate of CAT. The maximum rate has been changed from 55% to 40%. There are also changes in the agricultural relief provisions, with the relief now raised to 55% of the market value of qualifying property. To qualify for the relief, 80% of the beneficiary's total property must consist of agricultural property. This latter change is intended to apply from the passing of the 1991 Finance Act.

Indexation of CAT thresholds

A Statement of Practice (SP-CAT/1/91) on the information of CAT, giving the indexation factor for 1991, has been issued. The threshold amount for benefits taken in the year 1991 should be multiplied by 1.076. Copies of the Statement of Practice are available on request from the Capital Taxes Branch. Telephone (01) 6792777 extns. 2244/2247.

A short version of the Inland Revenue Affidavit (Form CA24) is now available. The short form affidavit is designed to cater for the situation where a spouse inherits the entire estate and certain other cases where the beneficiaries are not taxable.

5.5 Estate Duty - Amnesty!

[Estate Duty is only payable in respect of deaths which occurred prior to 1 April 1975].

The amnesty provides for the waiver of certain interest and penalties. Provided that the duty is paid on or before 30 September

1991 interest payable or which would become payable up to 30 April 1991 will be waived and proceedings will not be initiated or continued for the recovery of any penalty which an accountable person may have incurred. An explanatory leaflet on the amnesty is available on request from the Capital Taxes Branch. Telephone (01) 679277 extns. 2264 & 2232.

6. VAT

Rate Reductions

On and from 1 march 1991, all goods and services liable to VAT at a rate of 23% prior to that date will become liable at a rate of 21%.

Rate Increases

On and form 1 March 1991, goods and services (except those listed below) liable to VAT at a rate of 10% prior to that date will become liable at a rate of 12.5%.

The goods and services which will remain liable to VAT at a rate of 10% are:-

Buildings and building work, concrete blocks, ready mix concrete, newspapers and certain periodicals, hotel lettings, tour guide services and short term hiring of cars, boats and caravans.

A Statement of Practice (VAT/1/91) outlining the changes in the rates of VAT on services is available on request from VAT Branch, Phone 6792777 extns. 2440-2443.

7. Collector-General

7.1 Due Dates for Payment of Taxes

The payment dates for Income Tax and Corporation Tax can be summarised as follows:-

Income Tax

Preliminary Tax is payable on or before 1 November in the year of assessment. Provided the preliminary tax is paid by the due date and it is adequate, any additional tax due on making an assessment is payable on or before 31 January in the year following the year of assessment or within one month of the making of an assessment, if later. [If preliminary tax is paid late or is inadequate, the due date for payment of tax on making an assessment is 1 November in the year of assessment.

Corporation Tax

For accounting periods ending on or after 1 April 1990, Preliminary Tax is payable within 7 months of the end of the accounting period. Provided the preliminary tax is paid by the due date and is adequate, any additional tax due on making an assessment is payable within one month of making the assessment. [If preliminary tax is paid late or is inadequate, the due date for payment of tax on making an assessment reverts to the due date for payment of preliminary tax].

Payment dates for PAYE/PRSI due by employers and VAT have remained unchanged:-

PAYE/PRSI is payable by the 14th day of the relevant income tax month and VAT is payable by the 19th day of the month following the taxable period.

The statutory interest charge (currently 1.25% per month or part of a month) is payable on demand, on late payment of tax.

7.2 Interest Pursuit Programme

Following the amnesty, we initiated a systematic interest pursuit programme to deal with those taxpayers who fail to meet their obligations in relation to timely payment of taxes. This programme has to far been

notably successful in securing compliance, and we are now committed to accelerating it further.

In pursuing this programme we will give priority to those cases who seek to gain an advantage over complying taxpayers by consistently delaying payment of taxes.

7.3 Apart from its role in accurately establishing liability and avoiding estimation, the P35 return has an additional significance in that it establishes an employee's entitlement to the various Social Welfare benefits. This aspect formed the basis of the 1990 advertising campaign which also laid particular emphasis on the April 30th deadline for submission. This was accomplished by a greatly accelerated pursuit of individual outstanding returns. The result was a significant (18%) improvement in timeliness over the previous year.

The P35 return has a further importance in the case of those taxpayers included in the annual return scheme, representing as it does their sole return of liability. The Collector General was particularly encouraged by the submission rate from this category.

The 1991 campaign will be on similar lines to last years and an even better response from employers is expected.

7.4 VAT Repayment Claims

The Collector-General is conscious that the prompt processing of VAT repayments is an important taxpayer service and every opportunity is taken to further improve that service. Tax practitioners and their clients can also play an important part in getting an improved service. We have found that over 10% of claims are submitted in a manner which slows down repayment. A significant improvement would take place if presentation of claims improved. It would be appreciated in the Collector-General's Office and would certainly benefit traders if the following

points could be born in mind by tax practitioners and traders when submitting VAT repayment claims:-

A) Use original VAT 3 forms for the correct period (no photocopies or amended forms). Where supplementary VAT3 forms are used, they should be clearly marked "SUPPLEMENTARY".

B) Ensure that the calculations on the form are correct and that the form is completed in ink.

C) Ensure that the form is correctly signed i.e. by the trader, the company director or secretary. Where the trader's accountants sign the form, it is not sufficient to use the firm's name. The individual concerned should sign his/her own name.

D) Ensure that all outstanding returns have been lodged.

A new telephone system is due to be installed in the VAT Repayments Area within the near future which will enable us to improve our response to taxpayer enquiries.