

Minutes of Main TALC meeting

26 June 2019

Chartered Accountants House, 47/49 Pearse Street, Dublin 2 at 2.30pm

Item 1: Minutes of Meeting held on 1 May

The minutes of the Main TALC meeting held on 1 May 2019 were agreed.

Item 2: Matters Arising

Operation of the “multi-year” days test in the TDM on PAYE and non-Irish employments –

Revenue confirmed that they are updating their guidance to confirm the test will apply to a year of assessment instead of a multi-year test as set out in the current TDM. The revised guidance will issue in the next couple of weeks.

Industry specific stamp duty rulings – it was noted that dialogue is ongoing in this area.

My Enquiries

A sub-group of main TALC was set up to discuss issues with the My Enquiries service. The second meeting of the group took place on 12 June. At the meeting, Revenue provided practitioners with an update of their work to date which consisted of reviewing a sample of 100 MyEnquiries queries in February and 120 queries in May. The queries were examined for quality control purposes and Revenue reported their findings to the group.

Revenue advised that systems' enhancements with the aim of reducing traffic through MyEnquiries might be expected in the latter half of the year. Practitioners welcomed Revenue's engagement on the matter of improving MyEnquiries and their work done to-date.

Concerns were raised that the findings from the small sample size if extrapolated to the wider population of taxpayers suggests that a significant percentage of taxpayer enquiries may not be benefiting from Revenue's customer service standards. It is planned to take soundings by the end of the year to assess if the systems changes made result in perceived performance improvements over what is likely to be a busy period during the peak of the tax payment and filing months. It was suggested that the My Enquiries working group could brief main TALC on progress by the end of the year.

SARP Administration issues

Revenue has doubled their resources in the SARP unit for a short term period in order to deal with the delays in processing applications. As a result only 59 items of correspondence remains outstanding. Revenue noted that the back log in processing applications and queries has led to delays in processing refunds and that rectifying this is a priority. Revenue reminded the group that

SARP applicants need to file a Form 11 in order to avail of the relief - even if the relief is given by the employer when operating payroll taxes. It was noted that this item would be kept on the agenda.

Item 3: Revenue Statement of Strategy

Revenue provided a briefing on its Statement of Strategy (SOS) 2020 – 2022. The SOS is a legislative requirement under the Public Service Management Act 1997. The current SOS 2017 – 2019 ends this year.

Revenue has engaged in internal and external consultation and contacted government departments and a number of external organisations in the course of drafting the new SOS.

Revenue outlined the purpose of its SOS is to;

- Review its Mission, Values and Vision
- Identify high level objectives to achieve desired outcomes for the next three years and into the future
- Outline the challenges and opportunities

Revenue plans to have a draft Statement of Strategy 2020 to 2022 prepared by September with Ministerial and Cabinet sign off before the end of 2019. Revenue would welcome feedback from Practitioners and circulated the current SOS to practitioner bodies to solicit their input into the new SOS.

4. Briefing on Revenue's current initiative in moving cases to Large Cases – High Wealth Individuals division

Revenue presented an outline of the new High Wealth Individuals division in Large Cases. The division was established as a result of the Revenue's realignment of cases across divisions. The division has 125 staff in 4 locations (Dublin, Athlone, Kilkenny, and Waterford). The division is divided into four areas covering; compliance cases, pensions, anti-avoidance and a divisional office which deals with certain matters such as tax refunds.

The case base for HWI has been expanded. A range of criteria are reviewed to determine if a case should be transferred to HWI which includes the value of net assets held by the taxpayer. This threshold has been reduced from net assets of €50 million to €20 million. The combined effect of the revised criteria has led a transfer of at least 400 cases into the HWI division. Revenue are in the process of writing to all affected taxpayers (and their tax agents where known) to advise them of the transfer of their case to HWI.

Revenue outlined that there are a number of criteria / sources that they use in order to determine if an individual falls within the HWI division;

- Disposals / acquisitions > €20 million
- Acquisitions / gifts > €20 million
- Property transactions > €20 million
- Trust that had assets transferred into it in the last 20 years

- Local property tax bills since 2017 with a value > €20 million
- Propriety directors of a LCD case
- Certain close companies with shareholdings > €20 million
- Form 11 income > €20 million
- Foreign bank accounts
- FACTA payments
- Rich lists in newspapers

Revenue's next steps are to identify cases which are to be linked to HWI cases, e.g. family members of HWI taxpayers. They are currently profiling cases such as parent / child linkages through involvement in the family business. These could also include individuals who have received large gifts from parents and individuals who own assets through family company structures.

AOB

Timing of ATAD measures

Practitioners asked Revenue for an update on the timing of the introduction ATAD anti-hybrid mismatch rules. It was noted at a TALC BEPS sub-committee meeting that it was hoped that a Feedback Statement containing excerpts from draft legislation on the hybrid mismatch measures which are to be included in Finance Bill 2019 would be released for comment in June 2019.

Flat rate expenses

Practitioners asked Revenue for an update on their flat rate expenses review. Revenue noted that they are gathering information from all sectors at the moment and an update should be expected at the end of October. If there is to be a change in practice for claiming flat rate expenses it is planned to take effect from 1 January 2020.

Intervention level regarding VAT refunds

Practitioners noted that intervention level for VAT refunds appears to have reduced in that feedback provided to practitioner bodies is that taxpayers are receiving a high volume of aspect queries for comparatively low amounts of VAT refunds. Small businesses / individuals can find it difficult to respond to this volume of aspect queries and meanwhile a payment is due under another tax heading which the outstanding VAT refund could meet. This results in cash flow issues for the business.

Handling this cash flow issue can be complicated by the fact that response times for dealing with taxpayer replies to VAT refund queries through My Enquiries does not seem to be able to deal with responses to queries in sufficient time to prevent the issue of demand letters and enforcement actions for taxes due that could have been settled by the VAT refund amount due.

Revenue noted that they are not aware of a threshold for interventions regarding VAT refunds having been reduced. Revenue said they will take this item away and revert to the group.

Practitioners suggested that a possible fix would be to amend Revenue's internal computer systems such that where a VAT refund is due, a final demand for a tax amount which is covered by the refund does not issue until enquiries related to the refund are dealt with.

It was also noted by practitioners that agents are not copied on final demands that are sent to taxpayers which can sometimes further delay actions that could be taken to respond to such demands.

Timing of SARP

Revenue noted that a consultation on SARP is likely to issue in advance of the Budget. An announcement was made that day by government of a consultation on SARP which is being managed by externally appointed consultants, Indecon.

Finance Bill

Practitioners queried if, in light of Brexit, there might be two Finance Bills. Revenue advised that their expectation was that there would still be the usual annual process of just one Finance Bill.

Attendees

CCABI

Sharon Burke (Chair)
Brid Heffernan (Secretary)
Enda Faughnan
Brian Purcell
Paul Dillon

ITI

David Fennell
Anne Gunnell
Mary Healy
Pat Mahon
Tom Maguire

Law Society

Caroline Devin
James Somerville
Gavin McGuire

Revenue

Philip Brennan
Joe Howley
Sharonne O'Reilly
Keith Walsh
Teresa Coughlan
Seamus Coyle
Aileen O'Leary