

## **Minutes of Main TALC meeting**

**6 September 2022 at 2:30pm**

**Meeting held via Microsoft Teams**

The Chairperson noted apologies from committee member Bríd Heffernan. He also welcomed Niamh Behan, Principal Officer in Personal Division and Therese Bourke, Principal Officer in Personal Taxes Policy & Legislation Division to the meeting, to provide an update on Revenue activity on share-based remuneration. This was dealt with first on the agenda.

### **Item 1 Revenue update on current activity on share-based remuneration**

Revenue has launched a national share-based remuneration project, with a programme of work underway in every division. Revenue analysed data provided by employers on the share reporting forms ( Form RSS1 and Form ESA) and in payroll reports to identify any discrepancies in relation to tax collected on share-based pay. From its analysis, Revenue has identified a number of issues with the quality of data supplied by employers and errors in the tax treatment. These include, for example, mismatches between the ESA and payroll, transcribing errors in returns, non-filing of Form ESA or Form RSS1, incorrect treatment for PRSI purposes, reporting of certain payrolled schemes on the Form RSS1. Some employer focused interventions will be conducted under the Compliance Intervention Framework. Revenue requested a renewed focus by employers on the quality of data returned.

Revenue also examined employee returns in respect of share options for undeclared or underdeclared tax, for example, where RTSO is not paid or has been calculated using the CGT rate, RTSO is claimed as a credit but no CGT has been paid, use of the annual exemption for CGT in calculating RTSO due, and non-filing of the Form 11. Revenue noted an apparent lack of employee awareness of the share schemes in which they are participating and the related tax implications. While acknowledging employers provide information to their employees on the share scheme(s) they are participating in, it is apparent from compliance interventions with employees that much more information/education is required, where many employees find themselves with unexpected tax liabilities.

Revenue pointed to the detailed guidance in its Tax and Duty Manuals (TDM) and on its website, on the tax treatment of share-based remuneration and completion of the share reporting returns.

Two Employer Notices on the tax treatment of share options were issued to employers who operate share-based remuneration schemes, to share with their employees. The initial Notice was issued to employers where Revenue has identified a significant level of non-declaration by employees. The subsequent Notice issued to all relevant employers on 12 August.

Practitioners confirmed that employers provide information on share schemes to their employees, however, employees may still not understand their personal tax obligations. In addition, as shares are an investment asset, issues regarding tax arising from the holding and disposal of shares is not a matter for their employer.

Revenue clarified that its focus is on the multiple tax events that can arise e.g. on exercise of share options, dividend income received, and CGT on disposal. Revenue considers that employers have a duty to inform employees on the type of scheme in which they are participating and its implications.

Practitioners queried whether Revenue could contact employees directly using the information reported to Revenue, adopting a “service to support compliance” approach to improve awareness of their tax obligations rather than instigating Level 2 interventions, as had been previously suggested.

Revenue recognised that some non-compliance by employees is arising from lack of awareness of their tax obligations and Revenue has updated its website to educate employees in respect of share options in addition to other measures. Revenue confirmed a balanced approach will be taken, with the level of compliance intervention driven by risk.

**Item 2                    Action points arising from the approved minutes of the Main TALC meeting held on 28 June 2022:**

In accordance with the TALC Operational Guidelines, the minutes of the 28 June meeting were approved by the committee in advance of this meeting and published on the Revenue website. As regards the Action Points arising from the meeting:

- i.     Revenue to consider a reporting mechanism for the provision of updates from the R&D Discussion Group to the TALC Direct/Capital Taxes Sub-committee**  
Revenue noted that the R&D Discussion Group had met on 10 August. Going forward, the minutes from the Discussion Group meetings could be shared with the TALC Direct/Capital Taxes Sub-committee and a brief update provided at committee meetings to facilitate questions, as required.
  
- ii.    Revenue and CCAB-I to engage directly on issues raised on the methodology used for collating MyEnquiries statistics**  
CCAB-I confirmed that a meeting had been held. Discussions were ongoing but progress had been made on the issues raised.

**Item 3                    Simplification Measures Discussion**

The committee further discussed the simplification measures proposed by the professional bodies at the June Main TALC meeting, to identify appropriate and achievable measures for the committee to progress.

**Action Points:**

- I. Practitioners are to provide examples of delays in obtaining PPSNs which are solely required in order to submit a Stamp Duty return, with a view to organising a meeting (to include representatives from the Department of Social Protection) to progress the issues raised.
- II. ITI will organise a special purpose meeting between the professional bodies and Revenue to discuss how best to maximise pre-population and pre-sharing of taxpayer data on tax returns to aid compliance.

**Item 4 Debt Warehousing Scheme Update, including self-review opportunity in relation to Period 1 for warehouse eligible taxpayers**

84,000 taxpayers are currently participating in the Debt Warehousing Scheme (DWS) with €2.8 billion in tax debt warehoused. Revenue has largely concluded a DWS compliance campaign focused on warehoused taxpayers with outstanding tax returns, involving multiple contacts from the Collector-General's Division. Following this campaign, 24,000 taxpayers have been removed from the warehouse for non-filing of returns. However, Revenue is prepared to reinstate their participation in the DWS, if the outstanding returns are brought up-to-date promptly.

In Quarter 4 2022, letters will issue to businesses whose Period 2 is coming to an end on 31 December 2022 to invite these taxpayers to pay the tax debt in full or enter into a Phased Payment Arrangement (PPA) at an interest rate of 3% per annum. A final deadline to conclude the agreement of a PPA has not yet been decided, but it is likely to be in the first quarter of 2023.

The legislation underpinning the DWS required that the taxpayer was tax compliant with all of their obligations under the Taxes Acts, otherwise the DWS was unavailable to them or their access to the tax debt warehouse would be revoked. On a concessional basis, Revenue will be offering taxpayers who are participating in the DWS (or who were eligible to participate) a final opportunity to self-review their taxes eligible for warehousing for undisclosed tax liabilities and make an unprompted qualifying disclosure. Any additional undisclosed Employer-PAYE (PREM), VAT or income tax liabilities in respect of Period 1 can be included in the taxpayer's warehouse, provided that the disclosure is made by **31 January 2023**. This additional debt can be paid in full with the qualifying disclosure or included in a PPA at the reduced interest rate of 3%.

These Level 1 Compliance Intervention notifications will issue in September and the provisions of the *Code of Practice for Revenue Compliance Interventions* will apply in the normal manner, as regards the imposition of penalties and the requirement to fully co-operate with Revenue enquiries in relation to an unprompted qualifying disclosure.

DWS participants who are satisfied that their tax returns for Period 1 are correct are not required to conduct a “self-review”. However, as tax compliance is a key requirement of the scheme, should Revenue subsequently identify tax defaults in warehoused debt, this would compromise a taxpayer’s eligibility for the DWS resulting in the loss of its benefits (i.e. all outstanding liabilities for Period 1 will become subject to immediate collection with standard interest rates applied).

Included in the letters issuing shortly will be taxpayers dealt with by Personal and Business Divisions who were automatically eligible to avail of the DWS but did not avail of the scheme or who have already paid their warehoused debt. In the interest of equitable treatment, Revenue will be offering these taxpayers the opportunity to make an unprompted qualifying disclosure on the same terms as taxpayers currently participating in the warehouse. The first tranche of letters will issue to current participants in the DWS.

Practitioners welcomed Revenue’s confirmation that PPAs do not have to be concluded by the end of 2022, considering the pressures of the tax compliance deadlines over the months ahead. It was acknowledged that considerable work may be involved for practitioners and Revenue in agreeing PPAs. Revenue encouraged early engagement and confirmed that it would consider non-standard arrangements on a case by case basis. Requests for a non-standard arrangement can be triggered through the online PPA system.

#### **Item 5 Update on Revenue’s “return to office” and hybrid work arrangements**

An update on Revenue’s plan for recommencement of on-site audits was cited as the main area of interest to practitioners in relation to this topic.

Revenue noted that since the lifting of the pandemic-related public health restrictions, on-site audits can be conducted where considered the most appropriate approach and have occurred in a limited number of cases. Based on the lessons learned during the pandemic Revenue will use a blend of on-site and remote activity in interventions as appropriate in individual cases.

This policy will develop further over the coming months taking account of divisional business priorities and incorporating blended working arrangements for Revenue staff. The TALC Audit Sub-committee will be updated on Revenue’s plans in due course.

#### **Item 6 Reporting of sub-committees to Main TALC**

The Briefing Pack supplied in advance of the meeting included updates on the activities of the TALC sub-committees, with issues to be raised by exception. No issues were raised from the sub-committees at the meeting.

It was confirmed that the TALC iXBRL sub-committee was disbanded a number of years ago. The TALC Collections Sub-committee is provided with relevant updates on iXBRL at intervals.

**Item 7 Procedure for year-end sub-committee updates to Main TALC on progress on work plan/objectives**

The Chairperson referred to paragraph 4.2 of the *TALC Operational Guidelines for Chairpersons*, which outlines the end-of-year reporting process for the TALC sub-committees.

At the end of the year, the work plan shall be reviewed and a report prepared by the Chairperson of each sub-committee on the progress achieved during the year on the agreed objectives in the work plan. The Guidelines provide that the progress reports are submitted to Main TALC in November to allow time for review and discussion at the December Main TALC meeting. The Chairman requested submission of the year-end progress reports by 25 November.

**Item 8 Scheduling of joint meeting of Main TALC and TALC Direct/Capital Taxes Subcommittees on Finance Bill 2022**

It was agreed that CCAB-I, as Chair of the TALC Direct/Capital Taxes Sub-committee, would circulate the invite to the joint post-Finance Bill TALC meeting, when the meeting is scheduled.

**AOB**

**i. Review of Cooperative Compliance Framework**

Revenue noted that the review of the Cooperative Compliance Framework (CCF) has been approved by the Board of Revenue. The outcome of the review is expected to be published on the Revenue website in the week beginning 19 September 2022.

**ii. IREFs**

It was noted that there had been media reports of a Revenue review of tax collected from Irish Real Estate Funds (IREFs) in 2021. Revenue confirmed that it is conducting a review to identify the reasons for a significant reduction in tax collected, when compared to 2020. This review is at an early stage, involves complex issues and will continue into 2023. Revenue will be developing a compliance project having assessed the potential risks. Communications with taxpayers in respect of this review will be conducted under the *Code of Practice for Revenue Compliance Interventions*.

## Attendance

ITI	Revenue	CCAB-I	Law Society
Kieran Twomey (Chairperson) Mary Healy (Secretary) Pat Mahon David Fennell Laura Lynch Anne Gunnell	Brian Boyle Eugene Creighton Declan Rigney Geraldine McEvoy Joe Howley Niamh Behan (attended part of meeting) Therese Bourke (attended part of meeting)	Peter Vale Brian Purcell Paul Dillon Enda Faughnan Gráinne McDermott Gearóid O'Sullivan Alan Bromell	Caroline Devlin Sonya Manzor James Somerville Aidan Fahy

## Apologies

Brid Heffernan, CCAB-I