

Code of Practice for Revenue Audit and other Compliance Interventions

This document should be read in conjunction with the Code of Practice for Revenue Audit and other Compliance Interventions

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The [Code of Practice for Revenue Audit and other Compliance Interventions](#) has now been updated and is available on the Revenue website under Tax Practitioners, Codes of Practice. The revised Code is effective from 16 October 2019.

The revisions to the Code primarily relate to PAYE Modernisation but also include other minor changes. A full list of revisions is appended.

Where compliance interventions commenced before 16 October 2019, but have not yet been settled, the taxpayer may choose whether the settlement is made under the terms of this Code of Practice or the Code of Practice for Revenue Audit and other Compliance Interventions published on 22 February 2017.

Appendix

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<p>1.12 Operation of this Code of Practice</p> <p><u>COP 2017 version</u></p> <p>This Code of Practice will come into effect from 22 February 2017 as regards all compliance interventions that are notified on or after that day. As regards compliance interventions, notice of which had been given, but which had not been settled before 22 February 2017, the taxpayer may choose whether the settlement is made under the terms of this Code of Practice or the Code of Practice for Revenue Audit and other Compliance Interventions published 20th November 2015.</p> <p><u>Revised version</u></p> <p>This Code of Practice will come into effect from 16 October 2019 as regards all compliance interventions that are notified on or after that day. As regards compliance interventions, notice of which had been given, but which had not been settled before 16 October 2019, the taxpayer may choose whether the settlement is made under the terms of this Code of Practice or the Code of Practice for Revenue Audit and other Compliance Interventions published 22 February 2017.</p>	19
<p>Reference updates</p> <p>1.6.1 & 2.3 Department of Social Protection (DSP)</p> <p>1.6.1 & 2.3 National Employment Rights Authority (NERA) replaced by Workplace Relations Commission (WRC)</p> <p>1.6.1 DSP Investigation Units replaced by DSP Investigation Units</p> <p>3.4/5.5.8/5.11.2/8.1.2/8.6.3/8.6.4/8.13 and Appendix II – Appeal Commissioners replaced by Tax Appeals Commission</p>	<p>15/16/24</p> <p>16</p> <p>33/65/75/89/94 95/98/104/106</p>

<p><u>3.2 Self-correction without penalty</u></p>	
<p><u>COP 2017 version</u></p>	<p>31</p>
<ul style="list-style-type: none"> • A payment in settlement must accompany the submission. [Payment can be made online, see also paragraph 3.7.4 and 5.9 of this Code of Practice in relation to payment]. 	
<p>The following time limits will apply in respect of self-correction without penalty;</p>	<p>31</p>
<ul style="list-style-type: none"> • for the PAYE/PRSI/USC annual return, the self-correction must take place within twelve months of the due date for filing the annual return 	
<p><u>Revised version</u></p>	
<ul style="list-style-type: none"> • A payment in settlement must accompany the submission. [Payment can be made online, see also paragraph 3.7.3 and 5.9 of this Code of Practice in relation to payment]. 	
<p>The following time limits will apply in respect of self-correction without penalty;</p>	
<ul style="list-style-type: none"> • for the PAYE/PRSI/USC annual return, relating to 2018 and preceding years, the self-correction must take place within twelve months of the due date for filing the annual return • for PAYE (Income Tax/PRSI/USC) monthly returns in 2019 and 2020, the self-correction must take place by the due date for filing the IT/CT return or the period within which the relevant PAYE period ends. Where employers are not obliged to file an IT or CT return the self-correction must take place by 31 October of the year following the year in which the monthly PAYE return was filed.(Note: The self-correction without penalty timeframe for monthly returns after 2020 is to be considered 	

<p>further).</p> <p><u>COP 2017 version</u></p> <ul style="list-style-type: none"> for Relevant Contracts Tax, in cases where a deduction authorisation was obtained from Revenue, the self-correction must take place within twelve months of the due date for filing the monthly or quarterly online return. <p><u>Proposed revised version</u></p> <p>The above bullet point will be removed from the revised Code.</p>	<p>32</p>
<p><u>3.5 No Loss of Revenue</u></p> <p><u>COP 2017 version</u></p> <p>Revenue does not envisage many claims from taxpayers in relation to ‘no loss of revenue’ but is aware that in certain exceptional cases a ‘no loss of revenue’ situation can arise.</p> <p>This is particularly the case with VAT and RCT.</p> <p>There may be specific exceptional circumstances where ‘no loss of revenue’ claims may be considered in relation to taxes other than VAT and RCT.</p> <p><u>Revised version</u></p> <p>Revenue does not envisage many claims from taxpayers in relation to ‘no loss of revenue’ but is aware that in certain exceptional cases a ‘no loss of revenue’ situation can arise.</p> <p>This is particularly the case with VAT.</p> <p>There may be specific exceptional circumstances where ‘no loss of revenue’ claims may be considered in relation to taxes other</p>	<p>34</p>

than VAT.	
<p><u>3.5.1 Maintaining the integrity of the tax system</u></p> <p><u>COP 2017 version</u></p> <p>The non-charging of VAT and the failure to deduct RCT, for example, will result in the next customer in the chain, or the subcontractor, having a greater liability to discharge to Revenue.</p> <p><u>Revised version</u></p> <p>The non-charging of VAT, for example, will result in the next customer in the chain having a greater liability to discharge to Revenue.</p>	34
<p><u>3.7 Definition of a ‘Qualifying Disclosure’</u></p> <p><u>COP 2017 version</u></p> <p>For a disclosure to be regarded as a ‘qualifying disclosure’, the liability due must be paid. See paragraph 3.7.4 below regarding payment.</p> <p><u>Revised Version</u></p> <p>For a disclosure to be regarded as a ‘qualifying disclosure’, the liability due must be paid. See paragraph 3.7.3 below regarding payment.</p>	38
<p><u>3.21 Obligation of Employers to register and to keep a Register of Employees</u></p> <p><u>COP 2017 version</u></p> <p>Employers are advised that under Regulation 8 of the Income Tax (Employments) Regulations 2012, which came into force on 18 July 2012, all employers are required to keep a Register of Employees (in paper or electronic format) showing the name, address, personal public service number, date of commencement and, where relevant, the date of cessation of employment of all</p>	47/48

<p>employees. Regulation 7 requires all employers who pay emoluments above a certain figure to register with Revenue.</p> <p><u>Revised version</u></p> <p>Employers are advised that under Section 988A TCA 1997, all employers are required to keep a Register of Employees (in paper or electronic format) showing the name, address, personal public service number, date of commencement and, where relevant, the date of cessation of employment of all employees. Section 988 TCA 1997 requires all employers who pay emoluments to register with Revenue.</p>	
<p><u>4.5 Years, Periods and Issues for Audit</u></p> <p><u>COP 2017 version</u></p> <p>See paragraphs 3.7.1 (related liabilities) and 3.7.2 (unrelated liabilities) of this Code of Practice.</p> <p><u>Revised version</u></p> <p>See paragraph 3.7.1 Liabilities not within initial scope of the Revenue Audit.</p>	53
<p><u>4.6 Auditing Earlier Years, Later Years, Periods or Issues</u></p> <p><u>COP 2017 version</u></p> <p>In these circumstances taxpayers may have qualifying disclosure opportunities, see paragraphs 3.7.1 (related liabilities) and 3.7.2 (unrelated liabilities) of this Code of Practice.</p> <p><u>Revised version</u></p> <p>In these circumstances taxpayers may have qualifying disclosure opportunities.</p>	54

<p><u>5.7 Fixed Penalties</u></p> <p>Note: Current version revised to indicate that this relates to periods up to and including 2018 and additional piece added in for 2019 et seq.</p> <p><u>COP 2017 version</u></p> <p>PAYE Employers</p> <p><u>Revised version</u></p> <p>PAYE Employers – for years up to and including 2018.</p> <p><u>Additional: PAYE Employers – with effect from 1 January 2019</u></p> <p>Failure by an employer to comply with tax legislation provided in Chapter 4 of Part 42 TCA 1997 or any of the Income Tax (Employments) Regulations 2018 can result in liability to a penalty of €4,000 per breach.</p> <ul style="list-style-type: none"> • Requirement to register with Revenue as an employer - Section 988 TCA 1997. Further information regarding the Registration of Employers for PAYE Purposes is available on the Revenue website. • Requirement to keep and maintain a ‘Register of Employees’ in paper or electronic format - Section 988A TCA 1997 • Requirement to operate Emergency Basis of Tax Deduction – Regulation 19 • Requirement to make a monthly return to Revenue by an employer - Section 985G TCA 1997 • Notification of payment of emoluments to Revenue prior to payment - Regulation 10 Income Tax (Employments) Regulations 2018 • Failure to comply with the USC legislation - Part 18D TCA 1997 and USC Regulations 2018 • Failure to comply with PRSI legislation - Social Welfare Consolidation Act 2005 and Social Welfare (Consolidated 	71

Contributions and Insurability) Regulations 1996.	
<p><u>5.10 Inability to Pay Claims</u></p> <p><u>COP 2017 version</u></p> <p>See paragraphs 3.7.4 and 5.9 of this Code of Practice in relation to payment and phased payment arrangements.</p> <p><u>Revised version</u></p> <p>See paragraphs 3.7.3 and 5.9 of this Code of Practice in relation to payment and phased payment arrangements.</p>	74
<p><u>6.2 Exclusions from Publication</u></p> <p><u>COP 2017 version</u></p> <ul style="list-style-type: none"> • cases where the specified sum referred to in paragraph (c) or (d) of Section 1086 subsection (2) does not exceed €35,000 (€33,000 in respect of liabilities arising between 1 January 2010 and 1 January 2017) (figure for tax, interest and penalty) [Section 1086 (4)(c) TCA 1997] <p><u>Revised version</u></p> <ul style="list-style-type: none"> • cases where the specified sum referred to in paragraph (c) or (d) of Section 1086 subsection (2) does not exceed €35,000 (figure for tax, interest and penalty) [Section 1086 (4)(c) TCA 1997]. 	80

<p><u>Appendix II - Timelines and disclosure opportunities</u></p> <p><u>COP 2017 version</u></p> <p>‘Self-correction without Penalty’ for PAYE/PRSI – Within 12 months of the due date for filing the annual return</p> <p><u>Revised version</u></p> <p>‘Self-correction without Penalty’ for employer’s PAYE/PRSI/USC annual return – Within 12 months of the due date for filing the annual return (relating to 2018 and preceding years)</p> <p>and</p> <p>‘Self-correction without Penalty’ for employer’s PAYE monthly returns (Income Tax/PRSI/USC) in 2019 - By the due date for filing the annual IT/CT return within which the relevant PAYE period ends. (Note: The self-correction without penalty timeframe for monthly returns after 2019 is to be considered further).</p> <p>In addition to the above, the self-correction timeline for RCT is to be removed from Appendix II.</p>	105
<p><u>Appendix III – Penalty Legislation</u></p> <p>The following bullets have been added to the 2017 version of the Code</p> <ul style="list-style-type: none"> • Section 988 TCA 1997 – requirement to register with Revenue as an employer • Section 988A TCA 1997 – requirement to keep and maintain a Register of Employees • Regulation 17 Income Tax (Employments) Regulations 2018 - requirement to send details and notify Revenue when an employee commences or ceases an employment. <p>The following bullet has been deleted.</p> <ul style="list-style-type: none"> • Regulations 20 & 22 Income Tax (Employments) Regulations 2012 – requirement to send details and notify Revenue in relation to a new employee. 	107