

# **Quality Intervention Standards**

## **Quality Assurance for all Revenue Compliance Risk Management Interventions**

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## Introduction

Ireland's tax and customs administration is based on self-assessment principles, which in turn relies heavily on the concept of voluntary compliance. The compliance behaviour of a taxpayer will determine the nature, extent, and the consequences of our compliance intervention for each taxpayer. For those who want to pay we will make it as easy and straightforward as possible by providing advice and information both online and through other channels and by providing taxpayer friendly systems to submit returns and payments. For those who don't want to pay or who want to cheat or smuggle we will make non-compliance difficult by using all of the powers at our disposal up to and including prosecution. Our Compliance programmes underpin this strategy.

A quality compliance intervention, which, in general, is selected using a risk-based approach, will be well planned, appropriately scoped and effectively conducted. Legislation and operational policy will be applied in conjunction with the 'Code of Practice for Revenue Audit and other Compliance Interventions'. The objective is to examine the risk identified with the least amount of disruption to the taxpayer.

The seven standards, outlined below, set out in broad terms what defines a quality compliance intervention. Guidelines include all relevant Codes of Practice, Tax & Duty Manuals, Operational Instructions, Customer Service Standards and the Customer Charter.

## The objectives of Quality Assurance

- To assure stakeholders, including the public, staff, management and the Oireachtas, that Revenue is conducting a robust compliance intervention programme, targeted at our riskiest taxpayers, while making optimum use of resources.
- To assure all stakeholders as to the consistency of treatment in carrying out compliance interventions across all Revenue Divisions.
- To assist in the continuous improvement of our compliance intervention programmes by identifying and disseminating best practices and by identifying and eliminating weaknesses in our programmes, and ultimately to lead to increased voluntary tax & duty compliance.
- To assist in staff development by identifying and addressing training needs.

## Responsibility for Quality

Everyone involved in our compliance intervention programmes and processes is responsible for quality. Quality Assurance in relation to all our programmes is a matter for local and Regional managers. Each Region/Division should ensure that the Quality Compliance Intervention Standards policy is in place in all relevant operational areas and is being operated fully and consistently.

## Overview

This document proposes quality measurement standards for all Revenue compliance interventions.

The Standards outlined in this document address:

- Standard 1: [Effective Screening and Selection – the Selection Standard](#)
  
- Standard 2: [Compliance Intervention Planning and Scoping – the Planning Standard](#)
  
- Standard 3: [Conduct of the Compliance Intervention and Appropriate Probing – the Probing Standard](#)
  
- Standard 4: [Maintenance of quality working papers and well documented findings – the Recording Standard](#)
  
- Standard 5: [Correct application of legislation and policy – the Legislation and Policy Standard](#)
  
- Standard 6: [Optimum time management – the Timeliness Standard](#)
  
- Standard 7: [Professional and courteous dealings with taxpayers and agents – the Customer Service Standard](#)

## Standard 1: The Selection Standard

### Effective Screening and Selection

This Standard measures whether all relevant steps were taken to identify the most appropriate case or risk for a compliance intervention.

#### Key Elements – where appropriate

- Consider and select the most appropriate intervention (Aspect Query, Profile Interview, 'Revenue Audit' or 'Revenue Investigation') based on the risks in the case and ensure accurate labelling is used.
- Use Risk Evaluation, Analysis and Profiling system (REAP) to its full potential (including where cases were not originally selected through REAP)
- Use Case Recommendation Engine (CRE) to its full potential
- Use Customs Risk Systems to their full potential (e.g. CRISP)
- Research internal information sources, including locally sourced information and especially the Integrated Business Intelligence (IBI) system. Make use of the Revenue Case Management (RCM) Data Query Tool and the Appraisal Profile template which can be generated from the customer profile screen in RCM or which is automatically available on the assignment of a Comprehensive Appraisal
- Use the Automated Entry Processing (AEP) and Single Administrative Document (SAD) sources of information
- Use VIES (VAT Information Exchange System) to its full potential
- Use Capital Acquisitions Tax (CAT) and Stamp Duty data to their full potential
- Use Local Property Tax (LPT) data to its full potential
- Consider the use of Mutual Assistance requests or Multilateral Controls (EU Audits) to obtain information from other EU Member States
- Check that the correct NACE code, business description, address etc. is on record and amend if incorrect
- Check that the correct GCD is on record and amend if incorrect
- Review previous compliance interventions and outcomes
- Check whether the taxpayer has been published on the Quarterly Defaulter's List or prosecuted by Revenue

- Use Internet research to gain greater insights to the individual / entity being examined
- Consider prior open tax / duty balances
- Consider Revenue agreements, Operational Instructions, Tax and Duty Manuals, administrative practices, published practices and Memoranda of Understanding
- Examine Financial Statements (both online and iXBRL) and tax / duty computations where appropriate, noting any trends over time
- Consider proportionality of issues and risks identified
- Match complexity of the issues to the knowledge and experience of the caseworker
- Seek the assistance of an appropriate Mentor where required
- Take Corporate and Business Plans into account
- Check if taxpayer's iXBRL obligations met
- Review eRCT/Home Renovation Incentive/Help To Buy data
- Review all 3<sup>rd</sup> party data e.g. Merchant Acquirer data. If local intelligence/Good Citizen's Report (GCR) is available ensure that the detail has been checked and documented

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

## Standard 2: The Planning Standard

### Compliance Intervention Planning and Scoping

This Standard measures whether the compliance intervention was planned within the appropriate scope having regard to the tax-heads /duties / issues /risks being examined.

#### Key Elements – where appropriate

- Consider REAP fired rules in the case
- If the case is in the Co-Operative Compliance Framework [CCF] all risks identified since the last Review Meeting should be analysed in advance of the Annual Review Meeting
- Consider all filing / compliance requirements, including returns and debt management
- Consult CG's Division if there is significant current debt in the case
- Consider the lifestyle / asset holdings of the individual
- Consider all unusual and questionable items, as well as material large items in the context of the case being examined
- Gather information on practices and tax risks in the industry.
- Profile the business premises in the context of the trade/profession being conducted
- In appropriate businesses, examine whether any excise licence requirements are being met
- Establish whether current tax clearance certificate held by the business and what the RCT deduction rate is, in appropriate cases
- Review legislation involved
- Limit or expand (or escalate) the selected scope or type of the compliance intervention, as necessary
- Plan the compliance intervention on the basis of all appropriate data and have a clear intervention plan in place
- The year designated under the Random Audit or Re-Audit programmes should be audited

- Where an e-Intervention is to be conducted review the e-Audit Plan in the e-Audit Library for useful insights in conducting an e-Intervention.
- Establish, where possible, the accountancy packages, payroll and other electronic systems in use by the taxpayer
- If a retail business, establish, where possible, the cash register or EPOS systems in use by the business
- Consider if more than one Revenue Officer should attend the meeting with the taxpayer and/or his/her agent
- Verify the location of the compliance intervention – where it will be held.

Recording details of the compliance intervention:

- Open the case on RCM ensuring the correct labelling is applied to the intervention
- Use RCM fully and accurately, recording information on a timely basis as the case progresses with particular regard to capturing the rationale for key decisions made
- Where appropriate, issue a compliance notification letter with reference to the [Customer Service Charter](#) and the [Code of Practice for Revenue Audit and other Compliance Interventions](#)
- Issue initial request for information that is clear, concise and comprehensively addresses all the questions required.



## Standard 3: The Probing Standard

### Conduct of Compliance Intervention and Appropriate Probing

This Standard measures whether appropriate probes were applied and completed to establish that substantially all taxable/dutiable items were reported and all claims were valid.

#### Key Elements – where appropriate

- In advance of any meeting with the taxpayer ensure that all necessary permissions are in place to allow discussions of the taxpayers' affairs with 3rd parties
- Identify yourself [all members of the compliance team present] and explain the compliance intervention process, qualifying disclosures and appeal procedures
- Conduct appropriate interviews to obtain an understanding of the taxpayer's financial history, business operations and accounting records. Keep notes of the main points discussed
- Confirm what books and records are kept and available – manual and electronic – and what accounting packages / electronic systems are used by the business
- If a retail business, confirm the cash register or EPOS systems in use by the business
- Consult the e-Audit Library to establish if there is information on the system encountered.
- Conduct an inspection of the business premises and capital assets
- Establish what (if any) internal risk controls are in place
- Consider the potential for unreported payments/sales/income/misclassified or non-deductible expenses, mark-up etc.
- Review books and records with particular reference to unusual adjusting entries
- Review the taxpayer's level of business activity with regard to the general expectancy of a similar trade/profession and the ability to support the lifestyle of the taxpayer
- Use appropriate accounting tests for the type of business under examination and ensure they are completed.
- Use appropriate examination techniques (including IDEA for e-Interventions)

- Use e-Interventions for suitable businesses e.g. businesses with multiple product lines or expected high volume transactions, large payroll or where electronic financial accounts are used.
- Be vigilant for indications of fraud, consider if prosecution is likely to arise and follow IPD guidelines included in Revnet
- Be vigilant for indications of tax avoidance, seek guidance from Anti-Avoidance Unit, LCD
- Explore the issues identified and record findings under each heading
- Avail of Revenue expertise from across the entire organisation (including audit knowledge resources on RevNET) and technical support from RLS, RSO, ICT&L Division etc.
- Expand the scope of the compliance intervention, in accordance with guidelines
- Be aware of compliance costs for taxpayers when requesting information
- Notify the taxpayer and agent of the key issues and key risk factors.

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## Standard 4: The Recording Standard

Maintenance of quality working papers and well documented findings

This Standard measures the quality of documentation for the compliance intervention, the techniques used, procedures applied and overall case activity.

Key Elements – where appropriate

- Adequately document working papers to show the chronology of events, the steps completed, audit tests performed, information obtained, techniques applied, and conclusions reached. Details of interactions, e.g. meetings, interviews, phone calls and letters, with the taxpayer and agent should be documented in RCM as they occur. Sufficient details should be included in the label when recording the interaction
- Maintain the standard working papers in a legible, concise and organised fashion, in electronic format, scanning relevant paper files/computations to RCM. Bank Statements, Nominal Ledger, Financial Statements etc. obtained during the compliance intervention should not be included in RCM
- Bank Statements, Nominal Ledger, Financial Statements etc. obtained during the compliance intervention should not be retained. Extracts from these records can be retained in order to support the intervention findings
- Use RCM appropriately. Record the turnover, number of employees (if not automatically populated), bank account details & summary of assets / liabilities
- Where an audit is selected as part of the Random Audit or Re-Audit Programmes, this should be clearly recorded in RCM
- Carry out any necessary computer record amendments. For example, check that the NACE code is correct, GCD/2nd Tier marker, bailiwick code, business description, address is correct and that the appropriate assessing basis and status is on record
- Record details of the final interview with the taxpayer and agent showing how the compliance intervention issues were dealt with
- Prepare report appropriately reflecting findings in working papers and clearly state the outcome of all risks examined
- Document the intervention insights and/or additional risk indicators found

- Include details of any technical/legal advice sought
- Revenue Powers used during the course of the intervention should be recorded through the optional activity “Use of Powers” in RCM
- Compute tax, duty, interest and penalties in accordance with the [Code of Practice for Revenue Audit and other Compliance Interventions](#)
- Provide a detailed calculation of the tax liability and interest charged, if any, in the Intervention report. Where appropriate, use the ITP print screen facility to capture details of the interest calculation
- Explain the basis of the tax liability identified and penalty sought, if any, in the Intervention Report
- Where an Appeal is initiated, ensure relevant documentation is included in RCM
- RCM facilitates the initiation of a Notice of Opinion letter by selecting the optional activity “Issue Notice of Opinion”. By generating the letter within the activity a copy of the letter is automatically saved in RCM. This should be the only process for issuing a Notice of Opinion
- Where the Notice of Opinion activity has been completed ensure RCM is updated
- Take action to ensure outstanding debt (including non-audit debt) is pursued, collected and brought to account (CG Debt Management advised of relevant information)
- Ensure a copy of the Disclosure Letter, qualifying or non-qualifying, is included in RCM
- Ensure Letter of Offer obtained and included in RCM
- Seek payment and/or discuss alternative payment arrangements
- Ensure amended returns are filed and assessments are updated accordingly
- Ensure that “[Inability to Pay](#)” claims comply with the relevant instruction
- Ensure that “No Loss of Revenue” claims comply with the [Code of Practice for Revenue Audit and other Compliance Interventions](#)
- Provide a clear audit trail in respect of the intervention yield – indicate the increase in the amount of income discovered or the denial of deductibility of expenses, and how the tax, duty etc. was brought to account (full accounting instructions including method of payment) and ensure same is recorded correctly in Customer Financials in ITP

- Outcome of audit / intervention should be fully recorded in the RCM
- Follow appropriate case closing procedures
- Ensure a Letter of Acceptance issues and that it matches the Letter of Offer
- Review ITS stops on record e.g. Audit Stop (Stop 85), Time Expiry Stop (Stop 11)
- Report additional insights to the Case Select area to inform future case selection
- Provide feedback on REAP rules to the REAP team, Planning Division
- Note whether any follow-up action is recommended, such as a re-audit after a specified period of time
- Review MRA / ANRA as necessary in appropriate cases
- Minimise costs for taxpayer and Revenue by concluding the compliance intervention as early as feasible (see Timeliness Standard).

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## Standard 5: Legislation and Policy Standard

### Application of Tax & Duty Legislation and Policy

This Standard measures whether the conclusions reached were based on a correct application of the tax & duty legislation, regulations and policy.

#### Key Elements – where appropriate

- Conduct research as appropriate
- Apply law and regulations properly
- Apply statutory interest
- Consult the [Code of Practice for Revenue Audit and other Compliance Interventions](#), regarding, inter alia, default categories, penalties, disclosures
- Consider and seek penalties, as warranted
- Be aware of other relevant legislation including company law, employment law and ECJ rulings for VAT
- Follow [Appeal](#) guidelines and retain relevant submissions and correspondence
- Follow “[No Loss of Revenue](#)” guidelines and retain relevant submissions and correspondence
- Follow “[Inability to Pay](#)” guidelines and retain relevant submissions and correspondence
- Follow “[Notice of Opinion](#)” guidelines where penalties not agreed and paid
- Be aware of e-Intervention protocols (for extracting, transferring and storing data). Ensure the Revenue File Transfer Service is used when obtaining data.
- Ensure that [Revenue’s Data Retention Policy](#) is followed in relation to records obtained.
- Defaulter’s List [Publication](#) – follow appropriate criteria and procedures
- Prosecution – follow appropriate criteria and procedures.

## Standard 6: The Timeliness Standard

### Optimum Time Management

This Standard measures time usage and timeliness of actions throughout the compliance intervention process.

### Key Elements – where appropriate

- Use expertise/judgement, in consultation with line management, to decide on the optimum time to complete the compliance intervention
- Spend time on the examination that is commensurate with the complexity of the issues
- Record all contact and communication with the taxpayer and agent/representative in RCM using intelligible labelling as the case progresses
- Provide timely response to taxpayer communications
- Where the specific identified risks that gave rise to the compliance intervention have been shown to the caseworker's satisfaction not to pose any tax/duty risk, and no other risks have been identified, the compliance intervention should be closed immediately
- Consult with line management when necessary (and/or when asked to do so) to avoid unnecessary delays or problems. In particular, advise line management if it is perceived that an issue might be escalated by a taxpayer which may require attention under the [Customer Service Standard](#).
- Consider use of [Revenue Powers](#) where co-operation is not provided by the taxpayer or agent. Consider the use of section 900 TCA 1997, raising assessment, enforcement options etc.
- Where there is little or no co-operation reference should be made to the [Code of Practice Operational Manual – Failure to Cooperate fully with a Revenue Compliance Intervention](#) and consideration should be given to the denial of penalty mitigation as set out
- Where taxpayer has dealt with all outstanding queries, and compliance intervention remains open for a further period of 3-months, advise the taxpayer/agent of the current status of the compliance intervention and estimate of when the intervention is likely to be concluded.

## Standard 7: The Customer Service Standard

Professional and courteous dealings with taxpayers

This Standard measures whether the taxpayer's needs were promptly addressed, professional communications were used, and the compliance intervention was conducted under the terms of the Customer Service Charter.

Key Elements – where appropriate

- Advise the taxpayer/agent of all rights and obligations including Revenue [“Complaint and Review Procedures”](#), tax appeal procedures and opportunities available under [Code of Practice for Revenue Audit and other Compliance Interventions](#) for ‘Regularising Tax and Duty Defaults’
- Outline Revenue’s policy on interest and penalties
- Build a good working relationship with the taxpayer by helpful and timely communication
- Adequately consider the taxpayer’s/agent’s time constraints
- Address all taxpayer/agent concerns regarding issues arising in the case
- Keep the taxpayer/agent apprised of the status of the case throughout the examination
- Interact and correspond with the taxpayer/agent in a courteous and professional manner
- Discuss the compliance intervention findings and recommendations with the taxpayer/agent
- Observe [Data Protection Act](#) and taxpayer confidentiality laws
- Observe Revenue’s [Data Retention Policy](#)
- Issue closure letter.